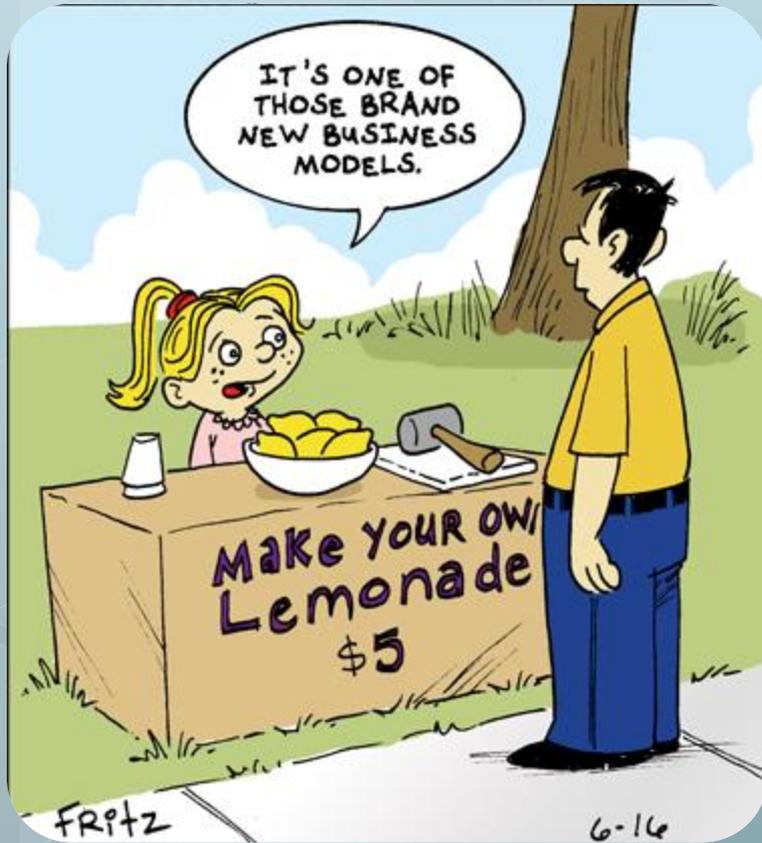
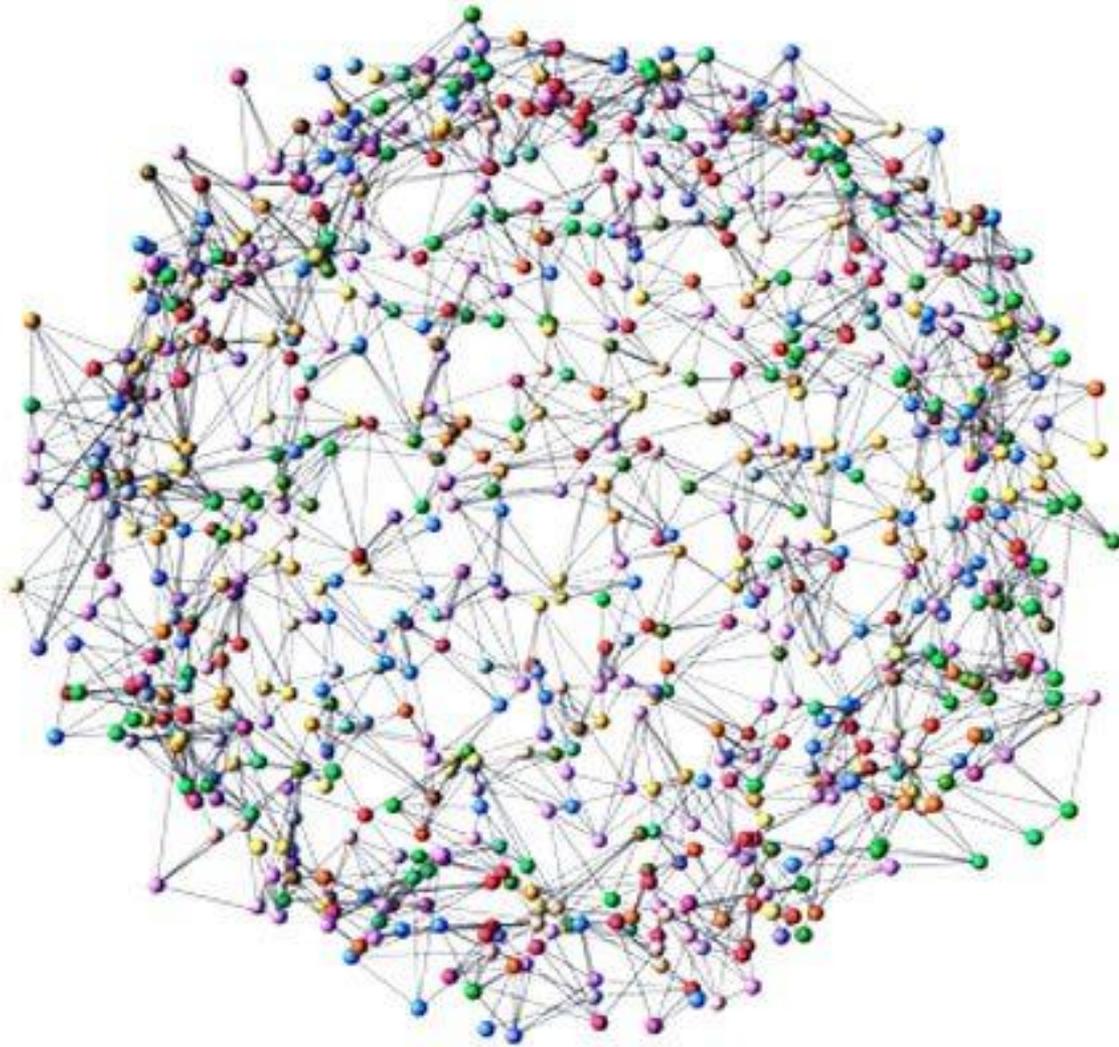


Business Plan



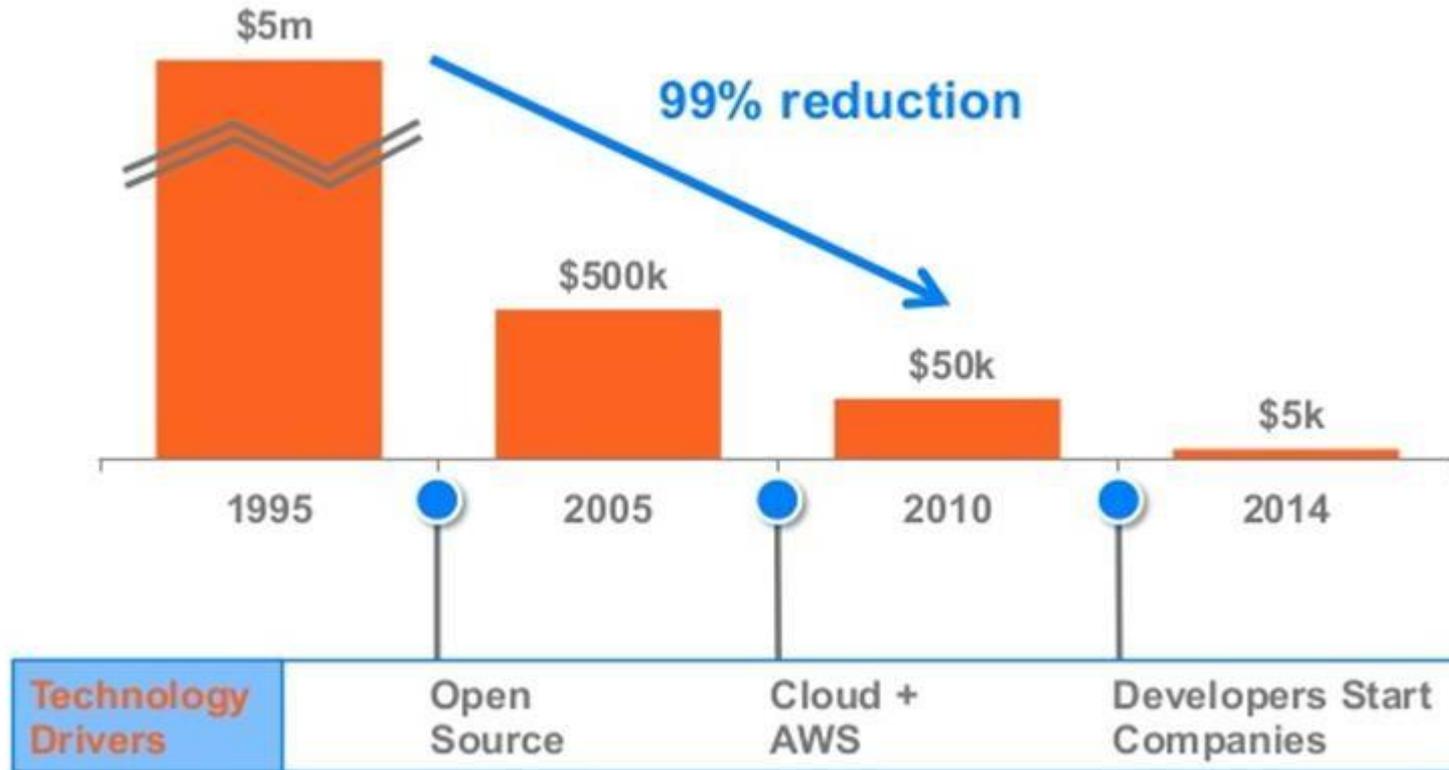
Javad Jassbi
Feb 2019

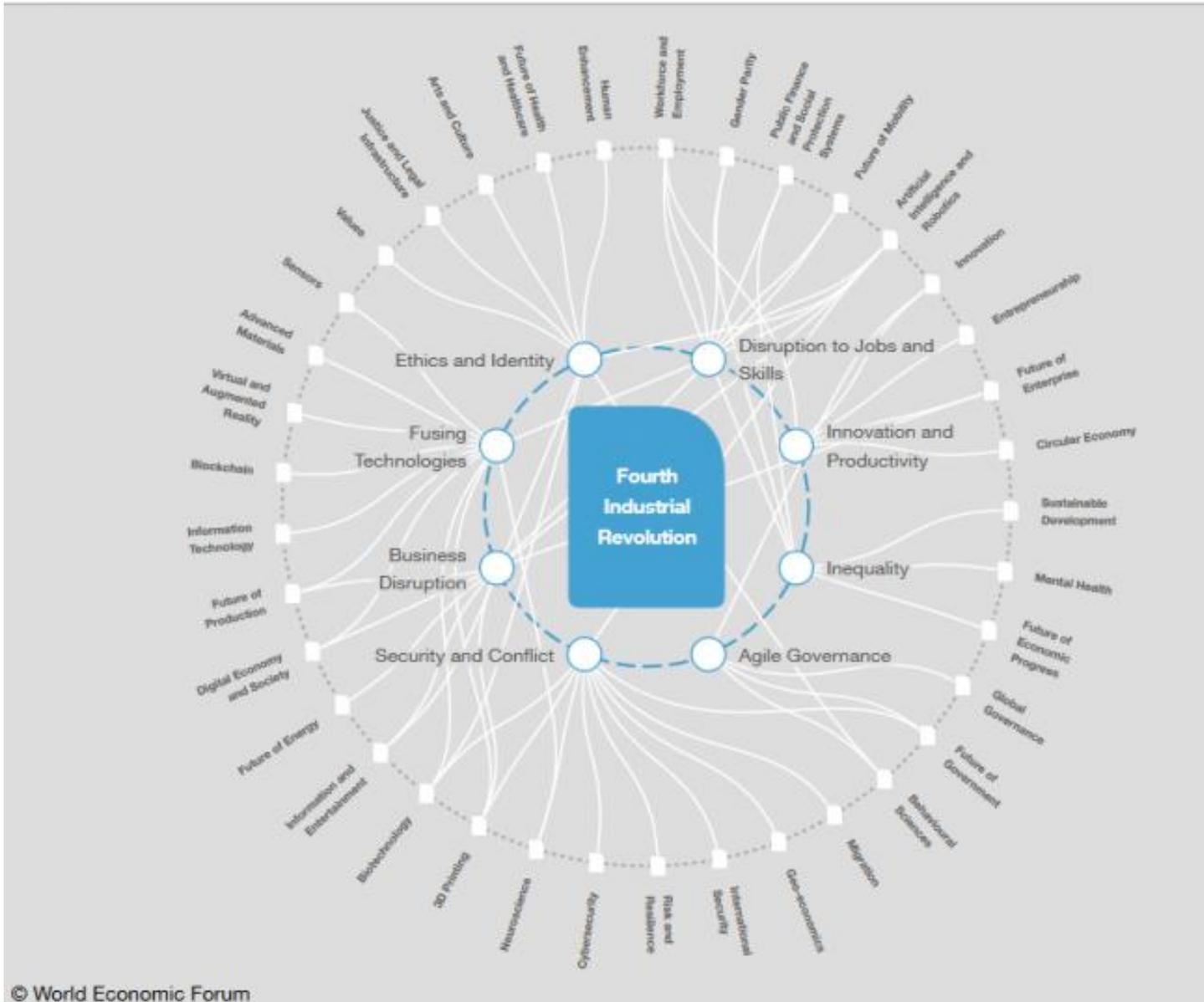
2 WHY WE ARE HERE!



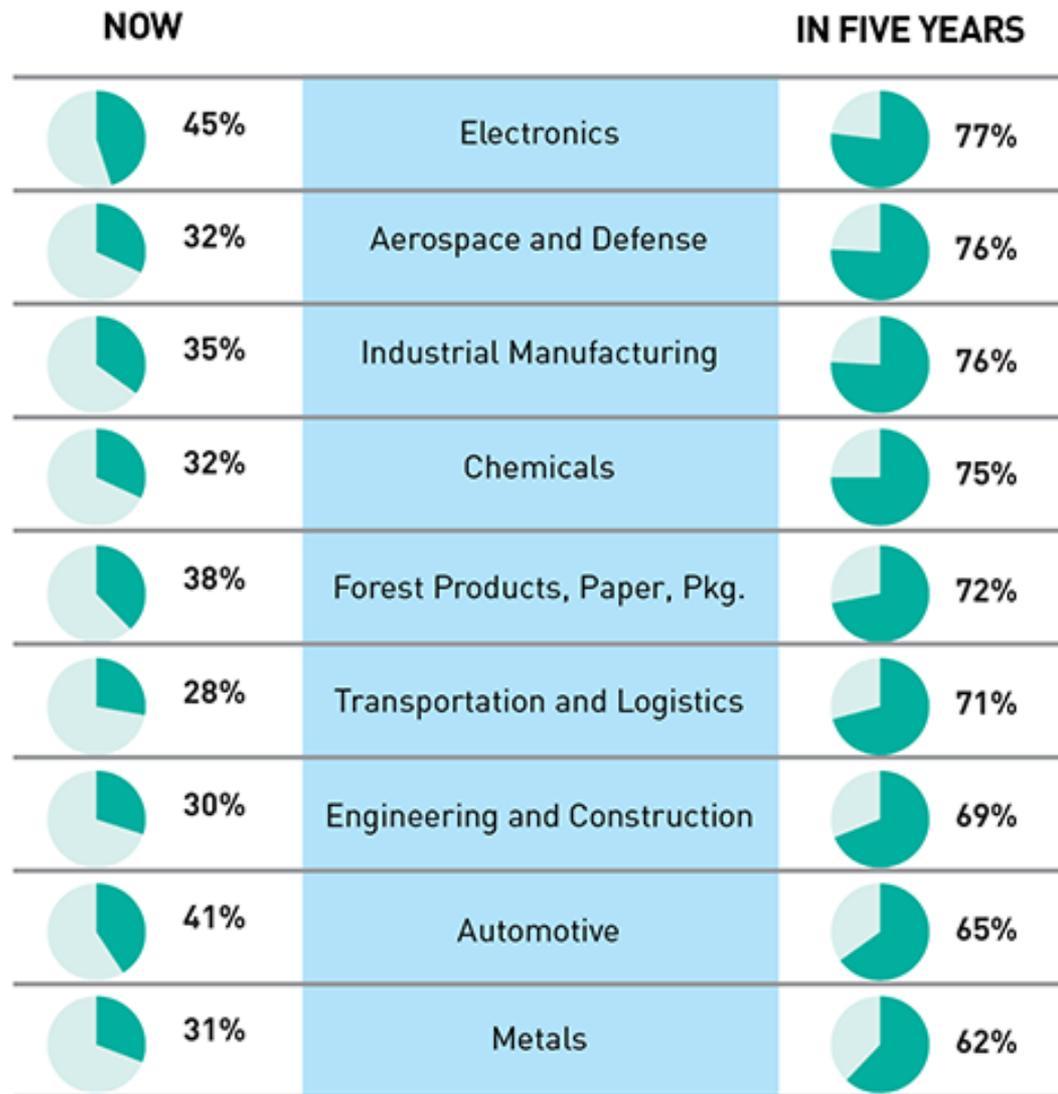
- My email wanted only to anticipate a problem that I think could arise at any time. I imagine that it is not easy to propose on the Market a technology that is new and so promising. Much easier would be if we were a big multinational Company but we are not. At the same time, if we can convince the Market about the value of our solutions we suddenly could find in our hands a **huge opportunity. Things can happen. Just look at this story.**
- **Only four years ago** a small start-up (ANOVA) was funded in USA. This start-up designed and patented an innovative connected device for sous-vide cooking that enables restaurant-quality results in the home. **What can happens in three years?**
- In three years happened that this start-up has been purchased by Electrolux for **250 millions USD** (115 soon+135 later).
- And, **please, consider that Electrolux is very skeptical towards start-ups!!!!** What is my message. **My message is that thing can happen.** In my opinion XXXXX technology has much more value than ANOVA if we look at the things it can do. It is just a matter of the way you present ideas, concepts, plans.....

Falling cost of tech entrepreneurs launching product

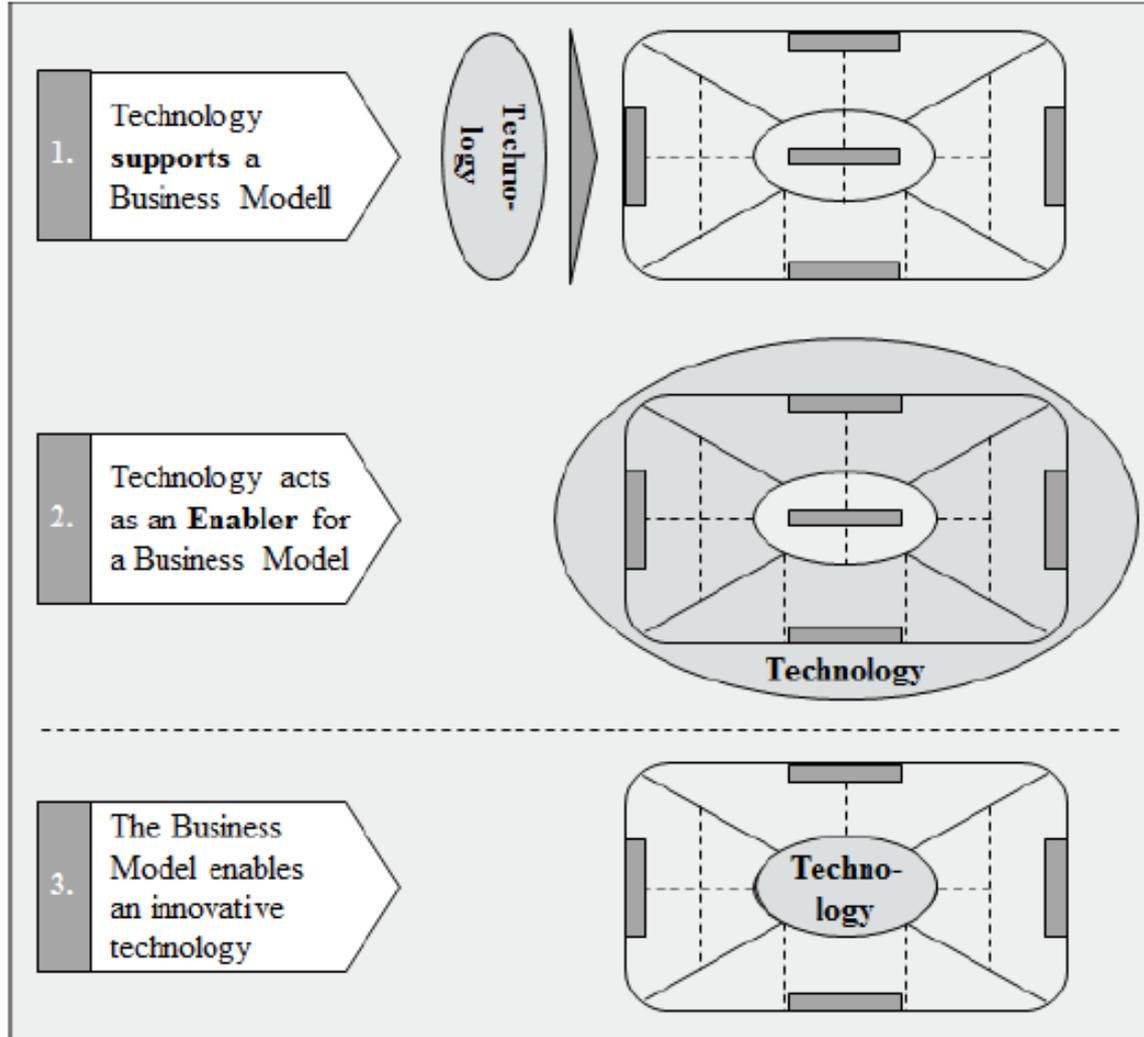




Adoption of Industry 4.0, by Sector



Source: "Industry 4.0: Building the Digital Enterprise," PwC



Role of Technology in the context of Business Models

9 WHY WE ARE HERE!

TECH TRENDS

Sensing, interfacing, and material technologies

Optimization technologies (AI, big data, robotics)

Platforms for connecting devices

Mobility and cloud technologies

Decentralized small-scale manufacturing (3-D printing)

KEYS TO INNOVATION SUCCESS

PERSONALIZATION

CLOSED LOOP

ASSET SHARING

USAGE-BASED PRICING

COLLABORATIVE ECOSYSTEM

AGILITY

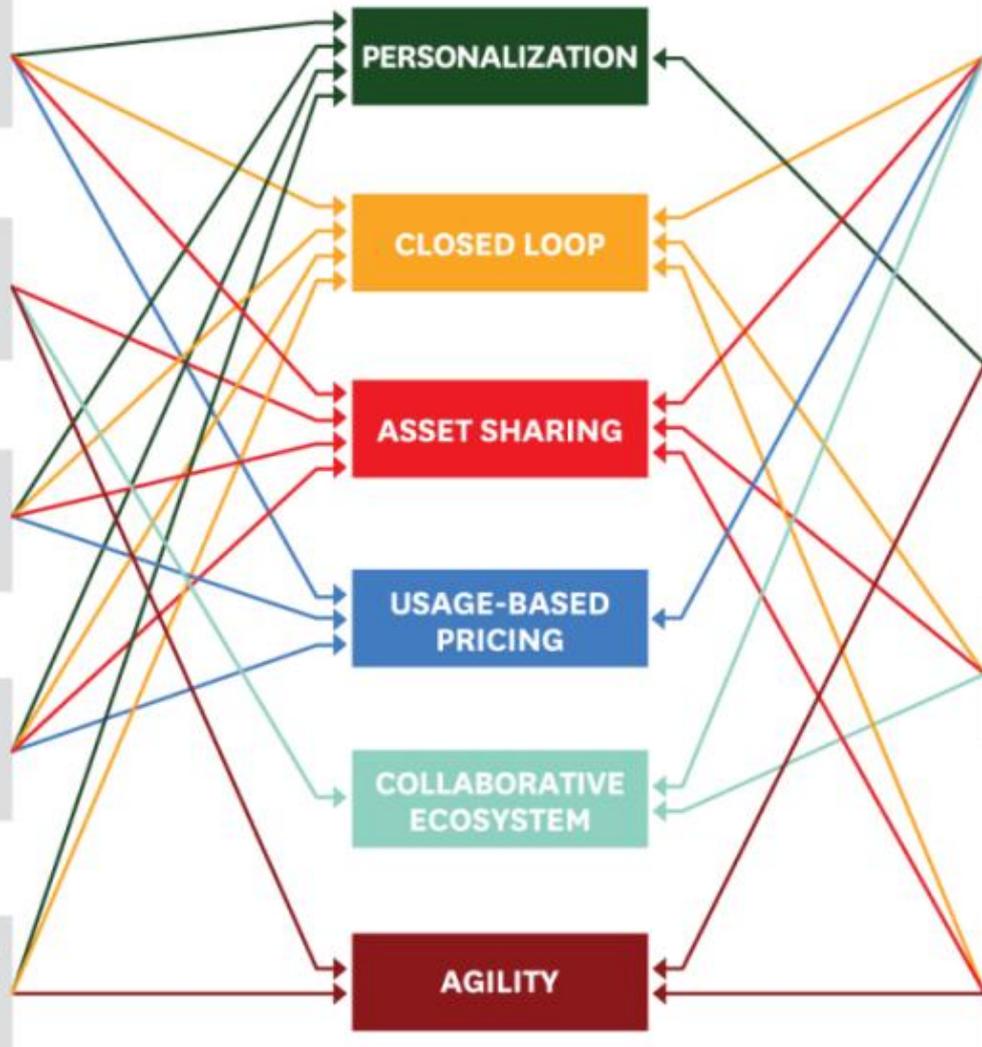
MARKET NEEDS

Increase in demand for products and services

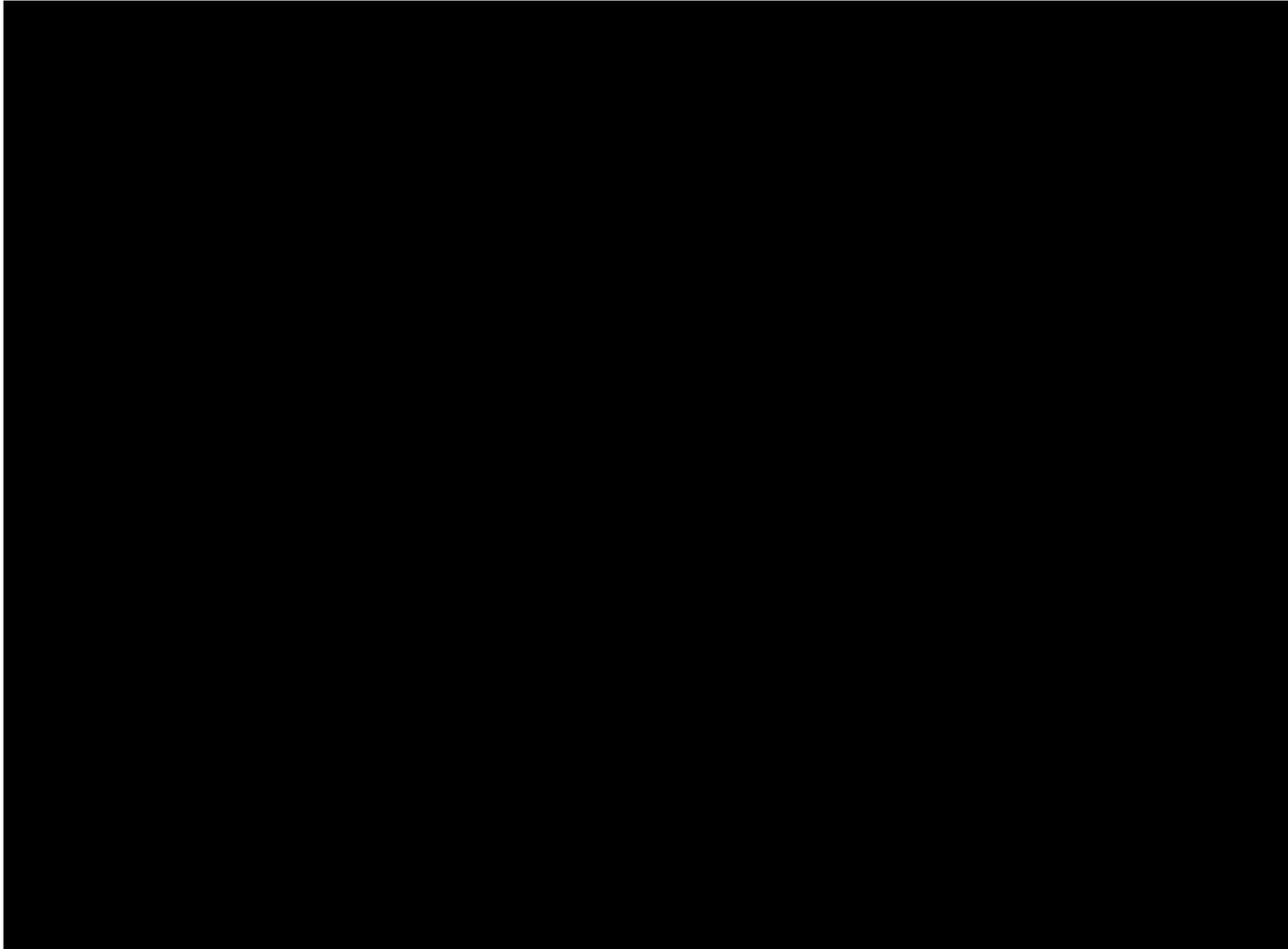
More diversity of consumer preferences

Rise of input costs (resources, labor, transportation)

Greater regulatory pressure



Disruptive Business models!



Change the Paradigm change the future

- Everybody will get back to start line!
- Paradigm will show where to invest for success
- Network Economy

Add Numbers

1000

40

1000

30

1000

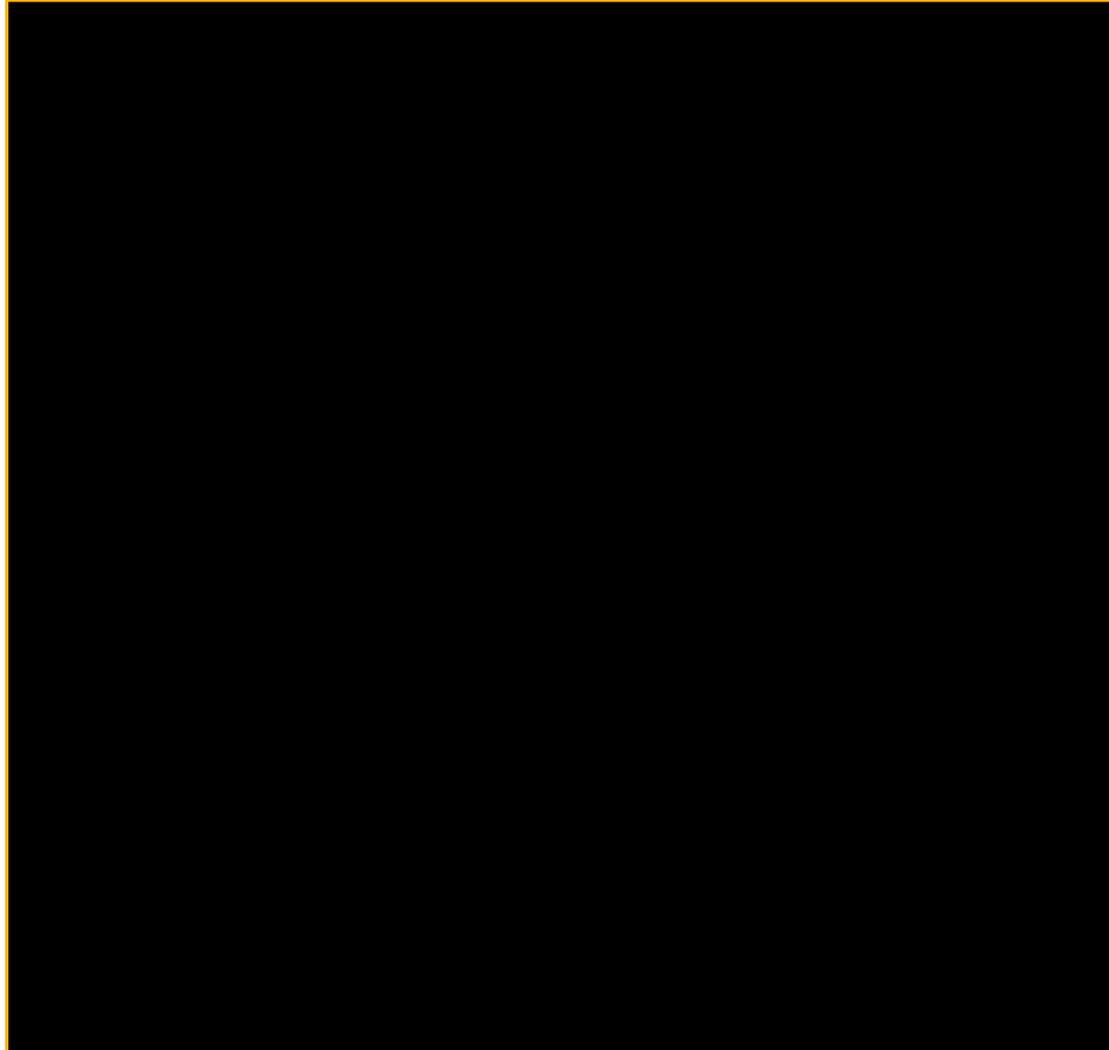
20

1000

10

4100

Paradigm shift: DNA of new Business Models



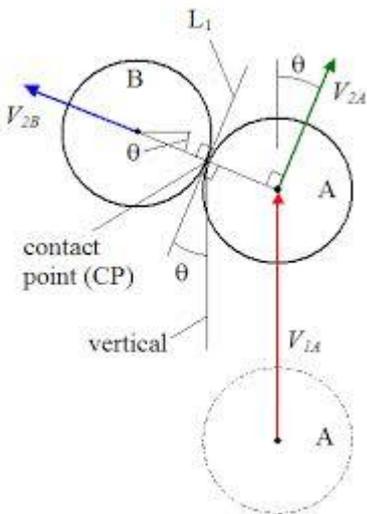
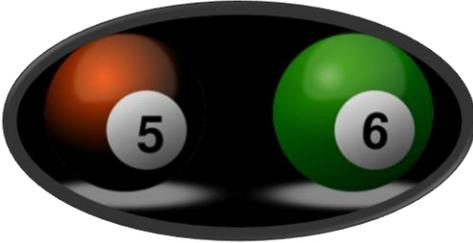
14 WHY WE ARE HERE!

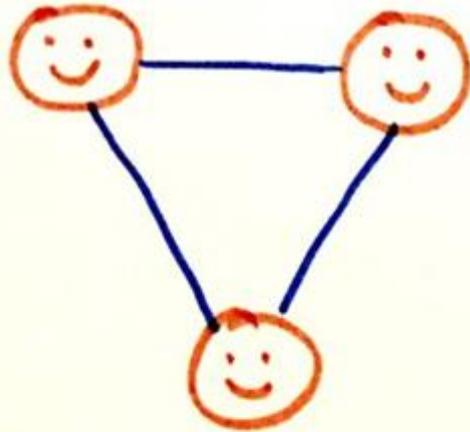


Olny Srmat poelpe can raed tihs!

I cdnoul't blveiee taht I cluod aulaclyt ursdnatnrd
waht I was rdanieg. The pweor of the hmuan mnid is
aimanzg. You can fgirue out ayntinhg you put your
mnid to.....

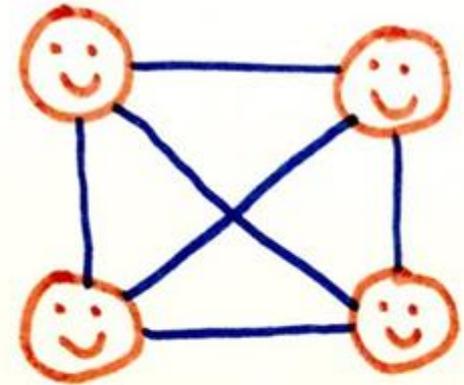
INTRODUCTION



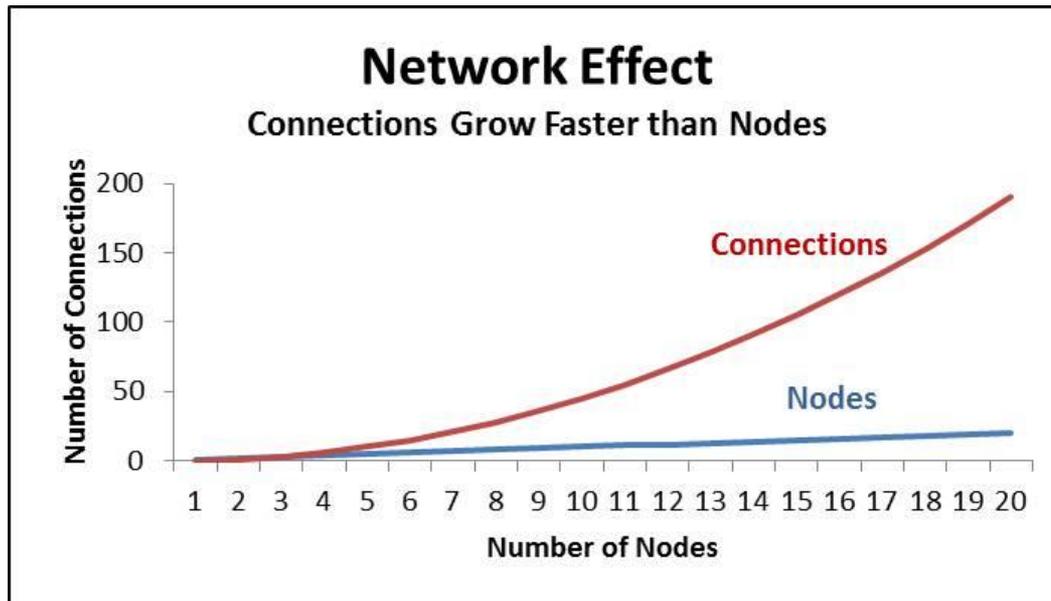
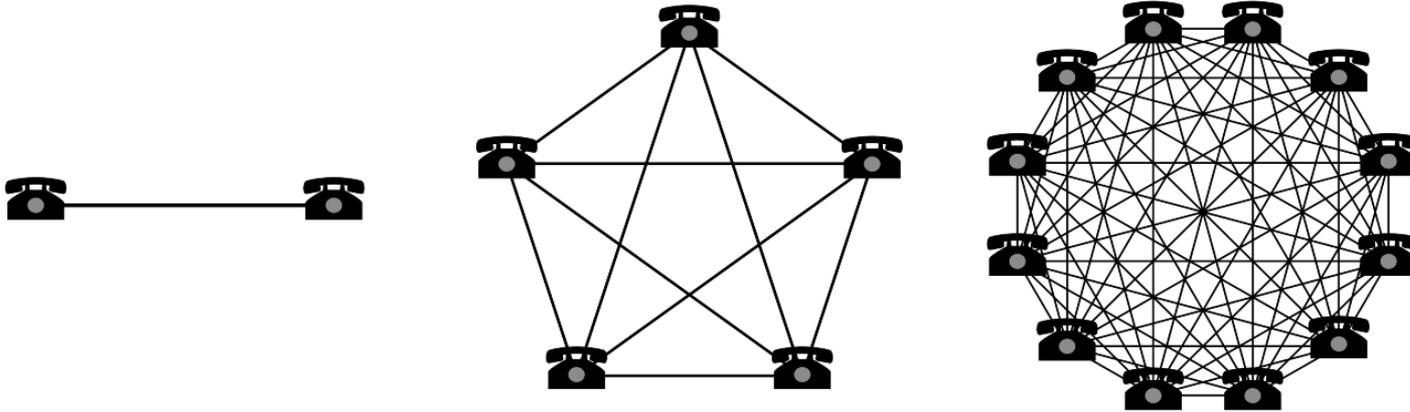


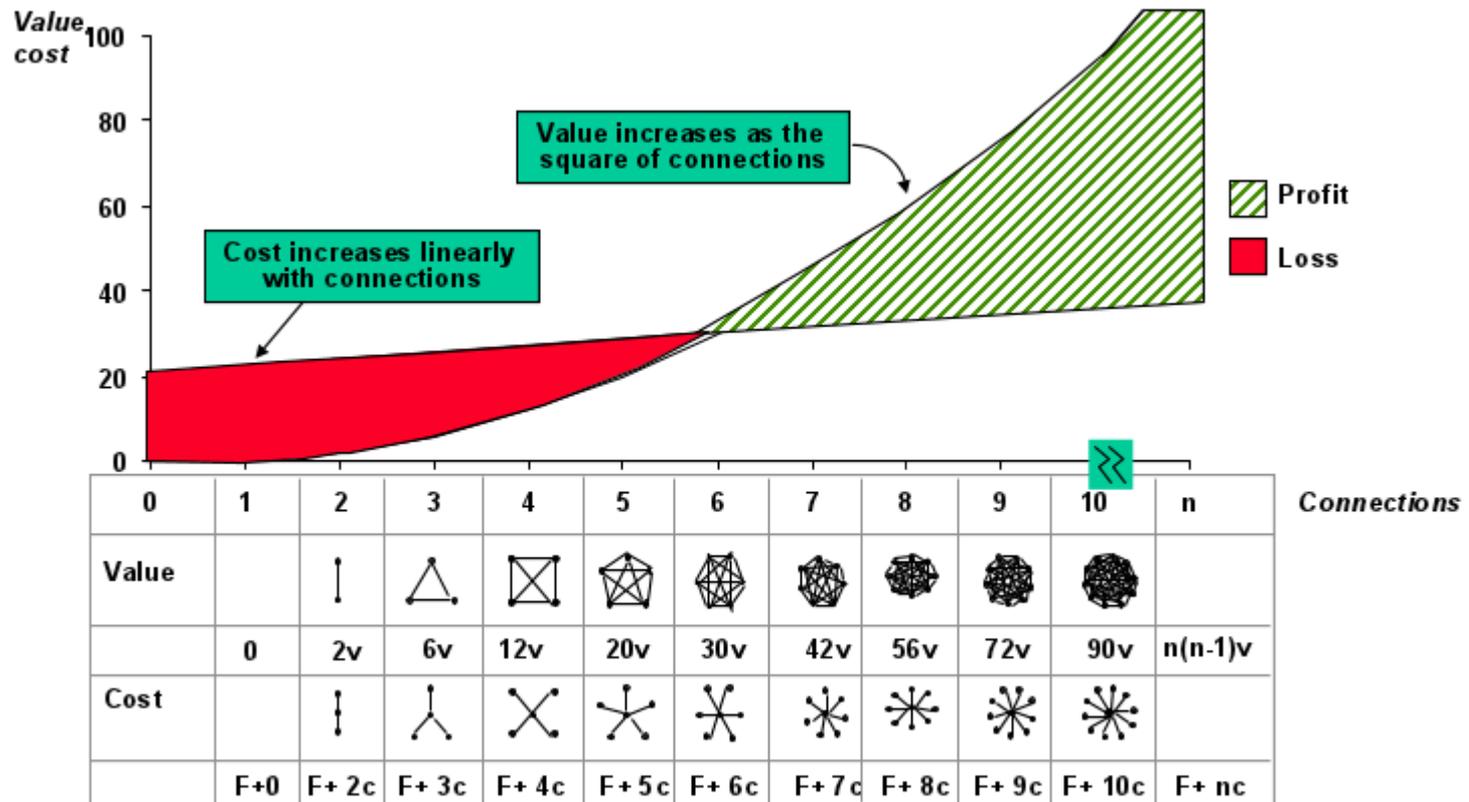
Benefit / user
=
2 connections

new user
Joins →



Benefit / user
=
3 connections

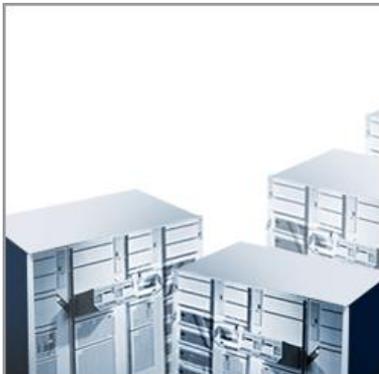




v =option value of a connection; F =fixed cost; c =incremental cost of a connection

Change of our Technological life!

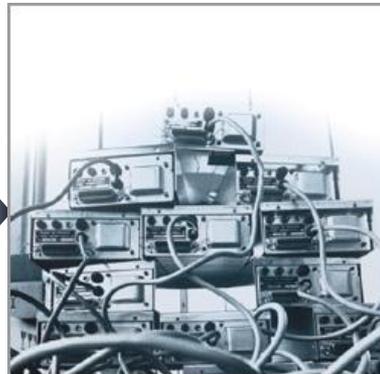
IBM/DEC Mainframes



1970



Client/Server Systems



1990

PeopleSoft.

ORACLE®

SIEBEL



On-Demand Web-based Applications



2000



amazon.com.

Cloud based Applications



Now



Business Plan

What is Business!!!

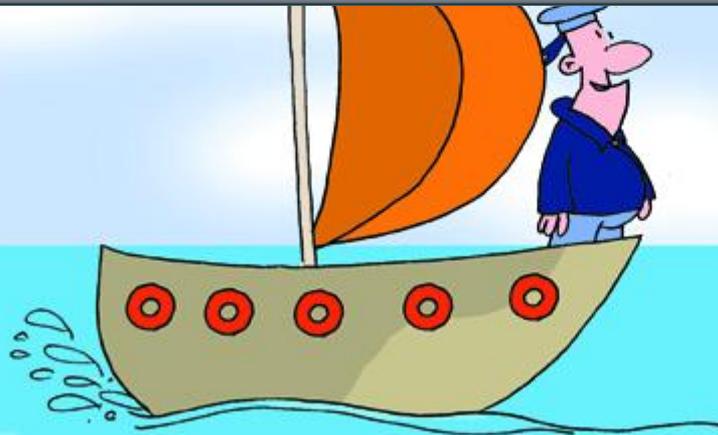
What is Plan!!!

INTRODUCTION

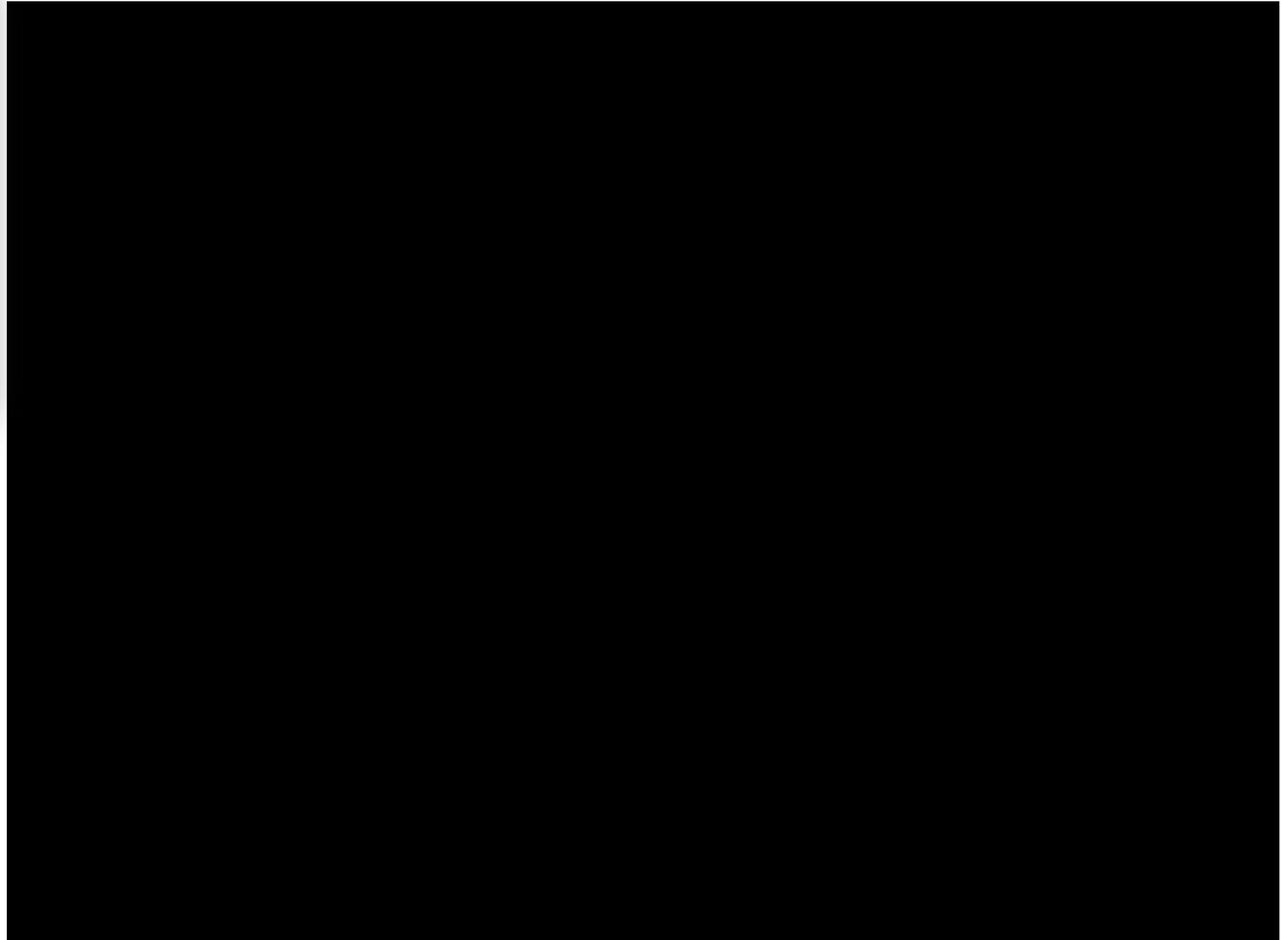
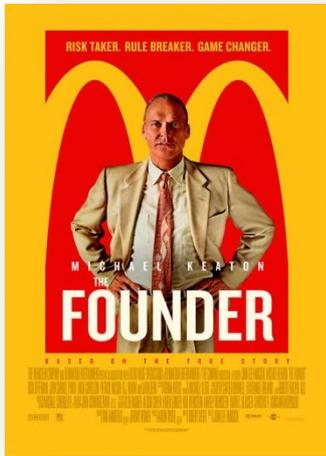


*If one does not know to which port
one is sailing, no wind is favorable.*

Lucius Annaeus Seneca



What is/was McDonalds' Business / Business Plan?



Business:

An Organization or economic System where Goods and services are exchanged for one another or for money.

Every business requires some form of investment and enough customers to whom its output can be sold on a consistent basis in order to make a profit.

Businesses can be privately owned, not-for-profit or state-owned.

From Business Dictionary!

Plan?



“Everybody has a plan until they get punched in the face.” –
Mike Tyson

Plan vs. Decision



I plan to go back
to school in
September

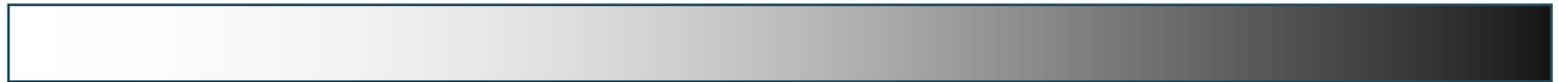


I have decided
to go to go back
to school in
September

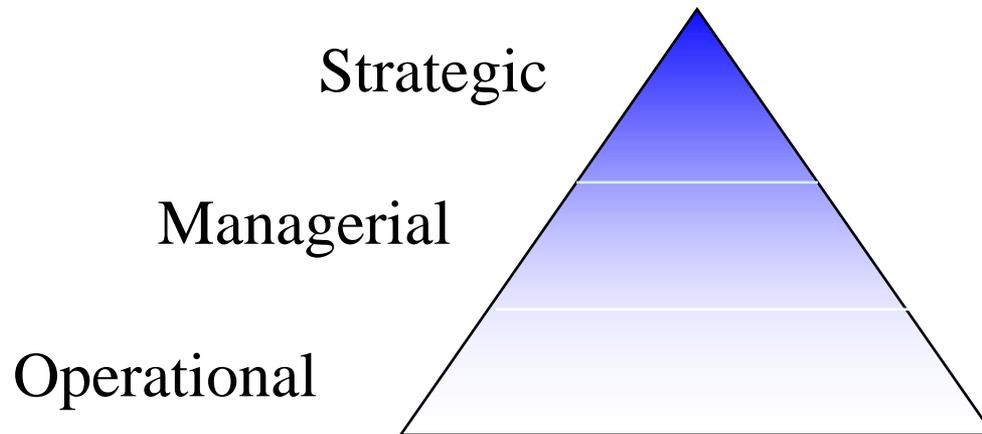
Types of Decisions

Structured

Unstructured



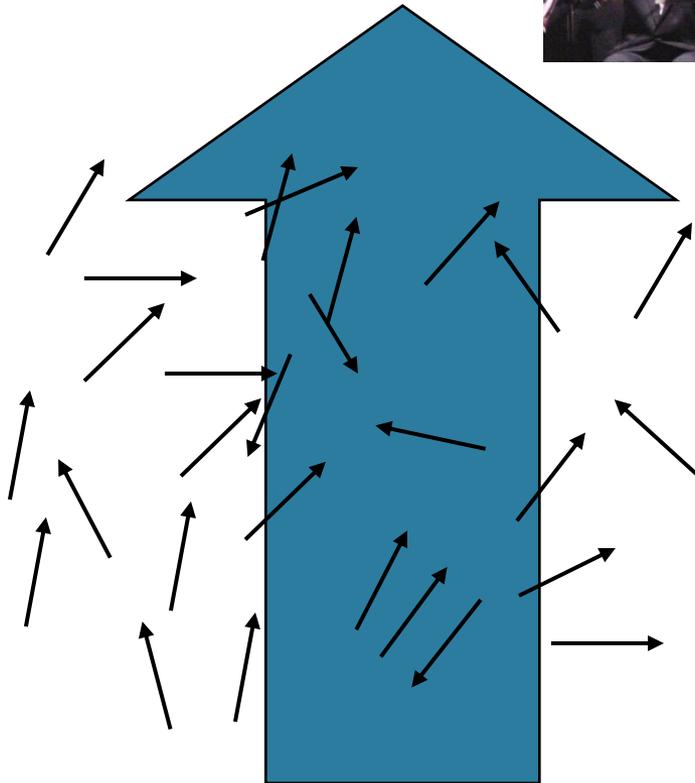
Level of decision making - Scope



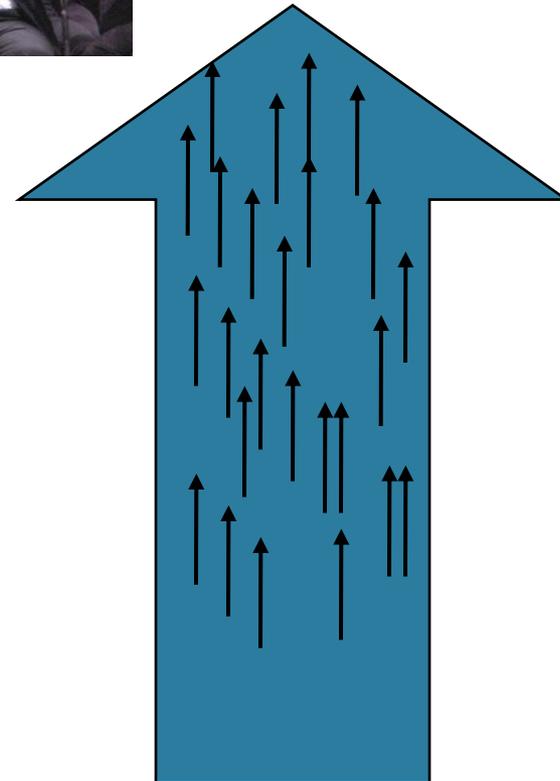
Information Characteristics

Characteristics	Operational	Managerial	Strategic
Accuracy	High		Low
Level of detail	Detailed		Aggregate
Time horizon	Present		Future
Use	Frequent		Infrequent
Source	Internal		External
Scope	Narrow		Wide
Nature	Quantitative		Qualitative

INTRODUCTION



Random Acts of Improvement



Aligned Acts of Improvement

Business plan?

A detailed plan setting out the objectives of a business, the strategy and tactics planned to achieve them, and the expected profits, usually over a period of three to ten years.

World English Dictionary

A business plan is a detailed plan for setting up or developing a business, especially one that is written in order to borrow money.

Collins

More...

- ❑ A formal document outlining the foundations, strategies, goals and tactics of a business or organization and can take many forms, from a glossy, professionally produced document to a handwritten manuscript
- ❑ Used to demonstrate why these plans and goals are attainable both financially and strategically
- ❑ The preferred mode of communication between entrepreneurs and potential investors.
- ❑ Split up into several sections

Why Business Plan (Planning for business) is Important:

- To plan for an uncertain future
- To help grow your business
- To commit to a particular course of action
- To manage cash flow
- To value a business
- To ensure all bases are covered

Sometimes the plan is aimed at people outside your business.

For example when you are:

- Raising bank or equity finance.
- Disposing of a business.
- Attracting new senior management.
- Attracting business partners, such as distributors and agents.

The plan needs to ‘sell’ the business
&
may need to be tailored to the target audience.

TYPES OF BUSINESS PLAN

Start-up plan

- What we may think of as more of a comprehensive traditional business plan, a start-up plan covers all topics relevant to new venture creation, such as company information, markets, forecasts, strategy, management team and financial analysis.

Internal plan

- This type of plan would be used internally and not for outside parties. It would not necessarily need the management team breakdown and detailed company analysis, but cover where the company intends to go.

Operations plan

- Used mostly as an internal plan, it may include specific benchmarks, such as milestones, dates, deadlines and responsibilities of managers and/or teams.

Strategic plan

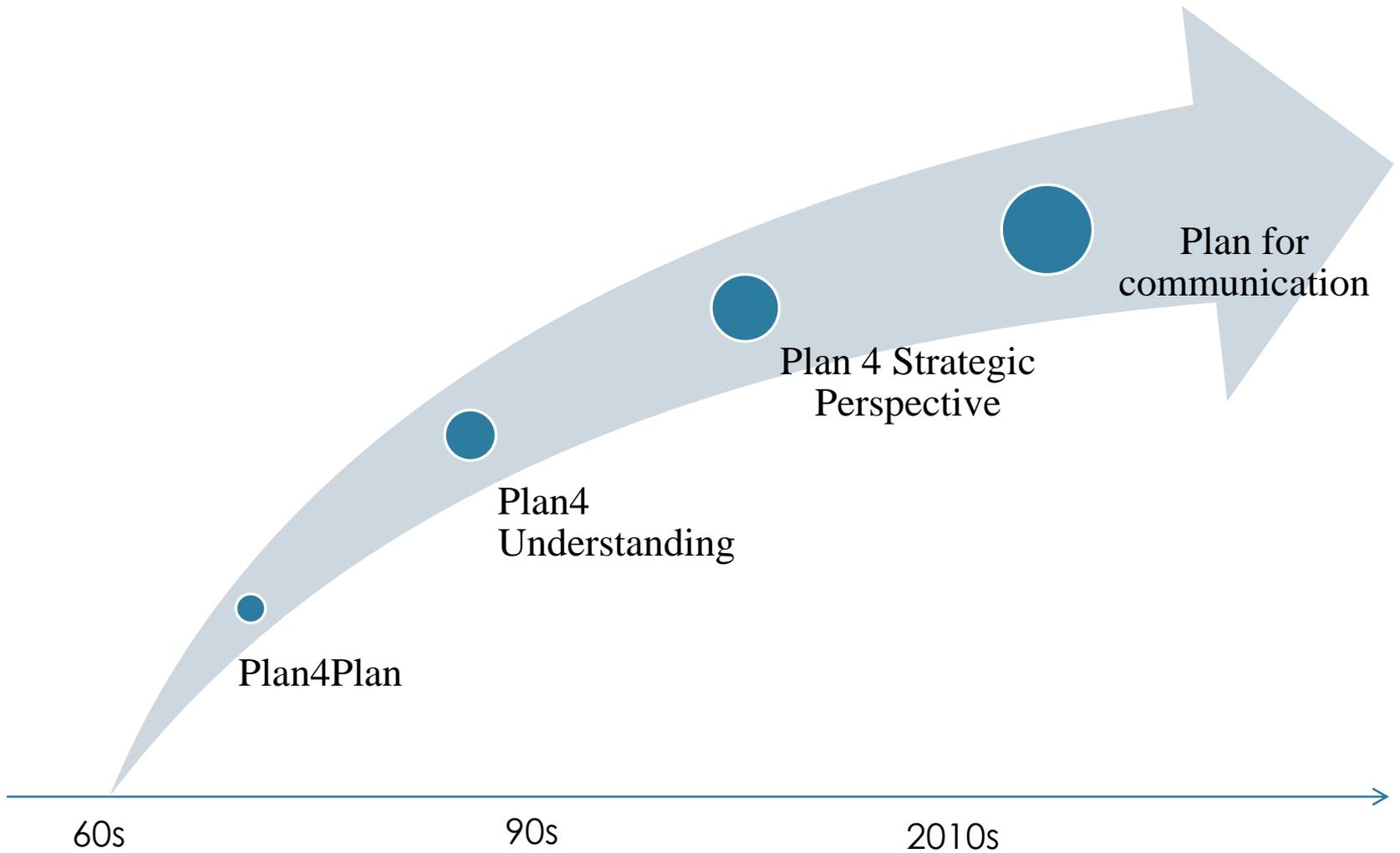
- Another internal type of plan, a strategic plan focuses on high-level opportunities and setting priorities for the organization, rather than on specific dates/responsibilities of the team.

Growth/expansion plan

- This type of plan may focus on a specific area of business or a subset of the business; new investments or loan applications may require a detailed growth plan as part of the process, while you may want to use a growth plan internally; this plan should include comprehensive forecasts of sales and expenses for the new venture/product/etc.

Feasibility plan

- Considering a new start-up, a feasibility plan is used to evaluate the idea and whether it's worth pursuing; it should include a summary, mission statement, elements of success, market analysis overview and an analysis of costs, pricing, and probable expenses.



BUSINESS PLAN

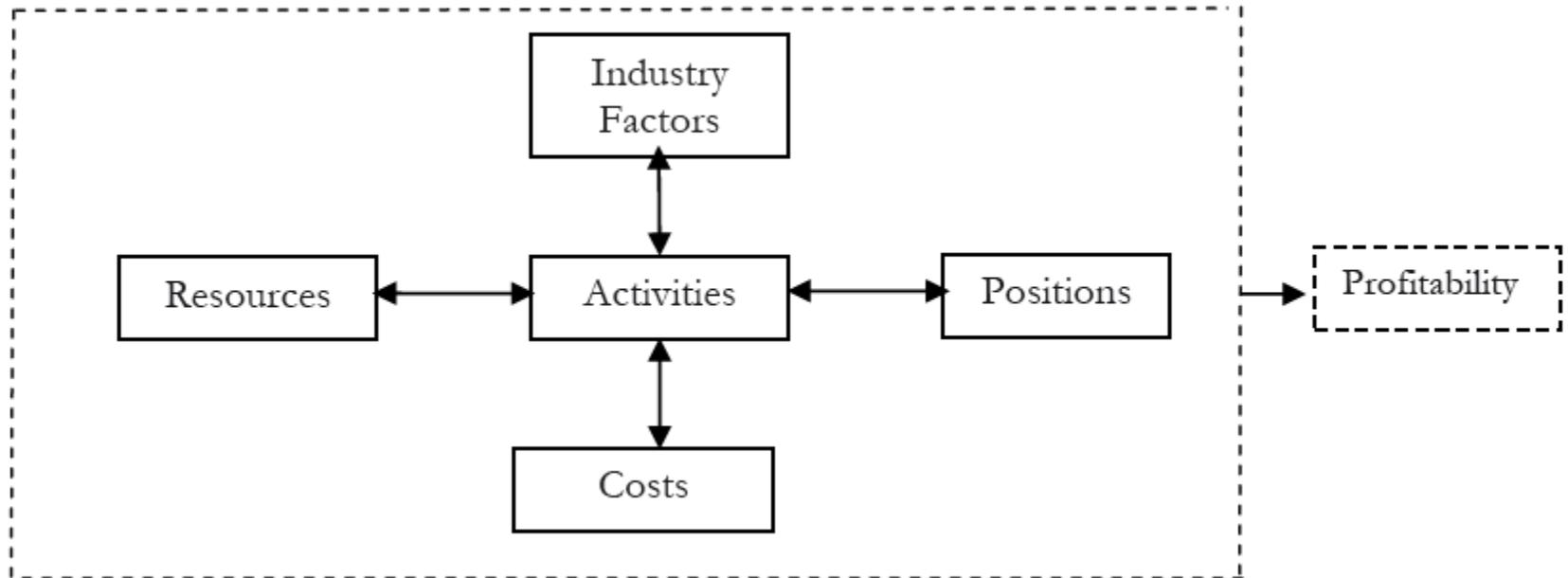


MUSEUM OF FAILURE



BUSINESS MODEL CANVAS



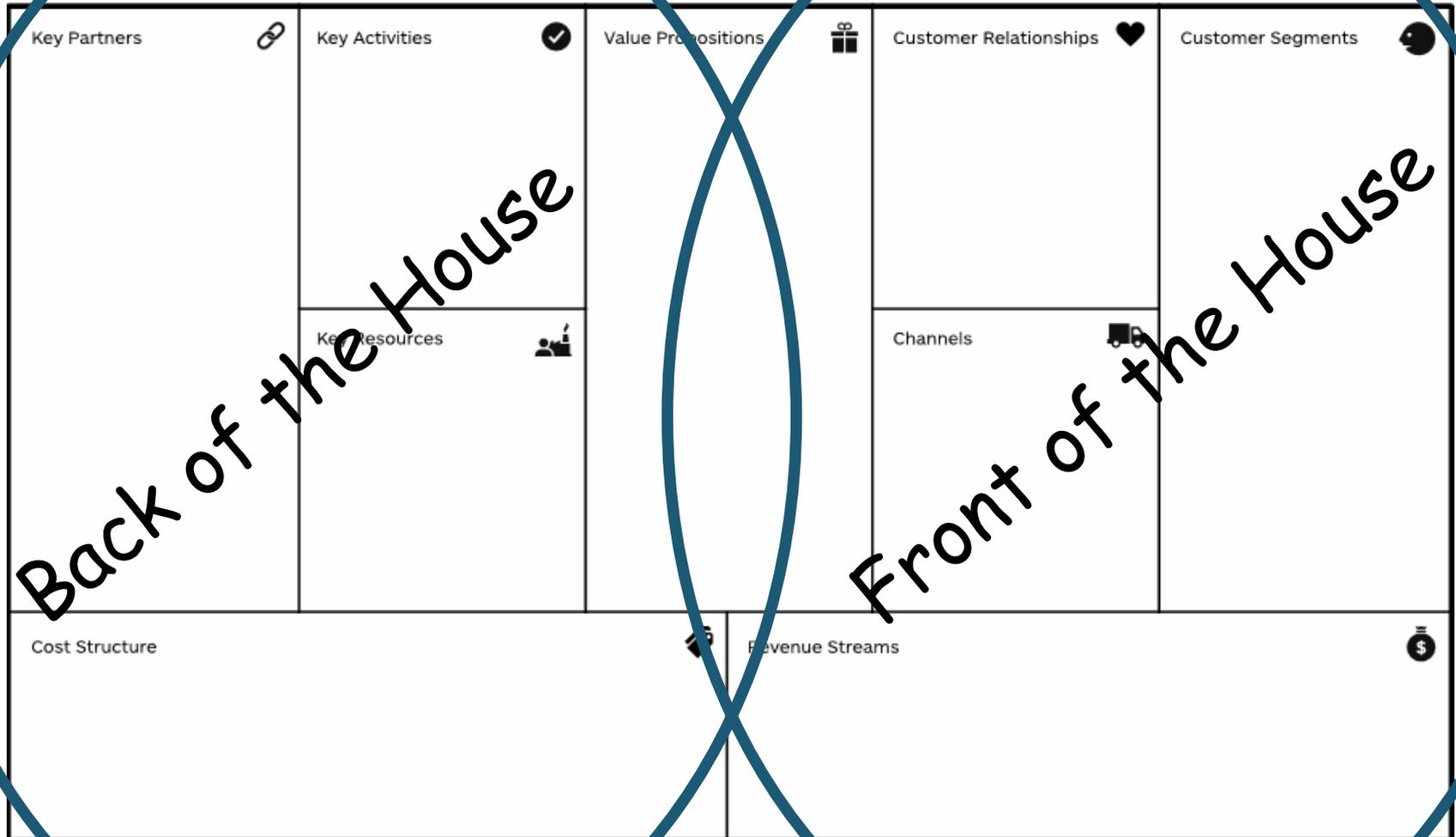


Components of business model

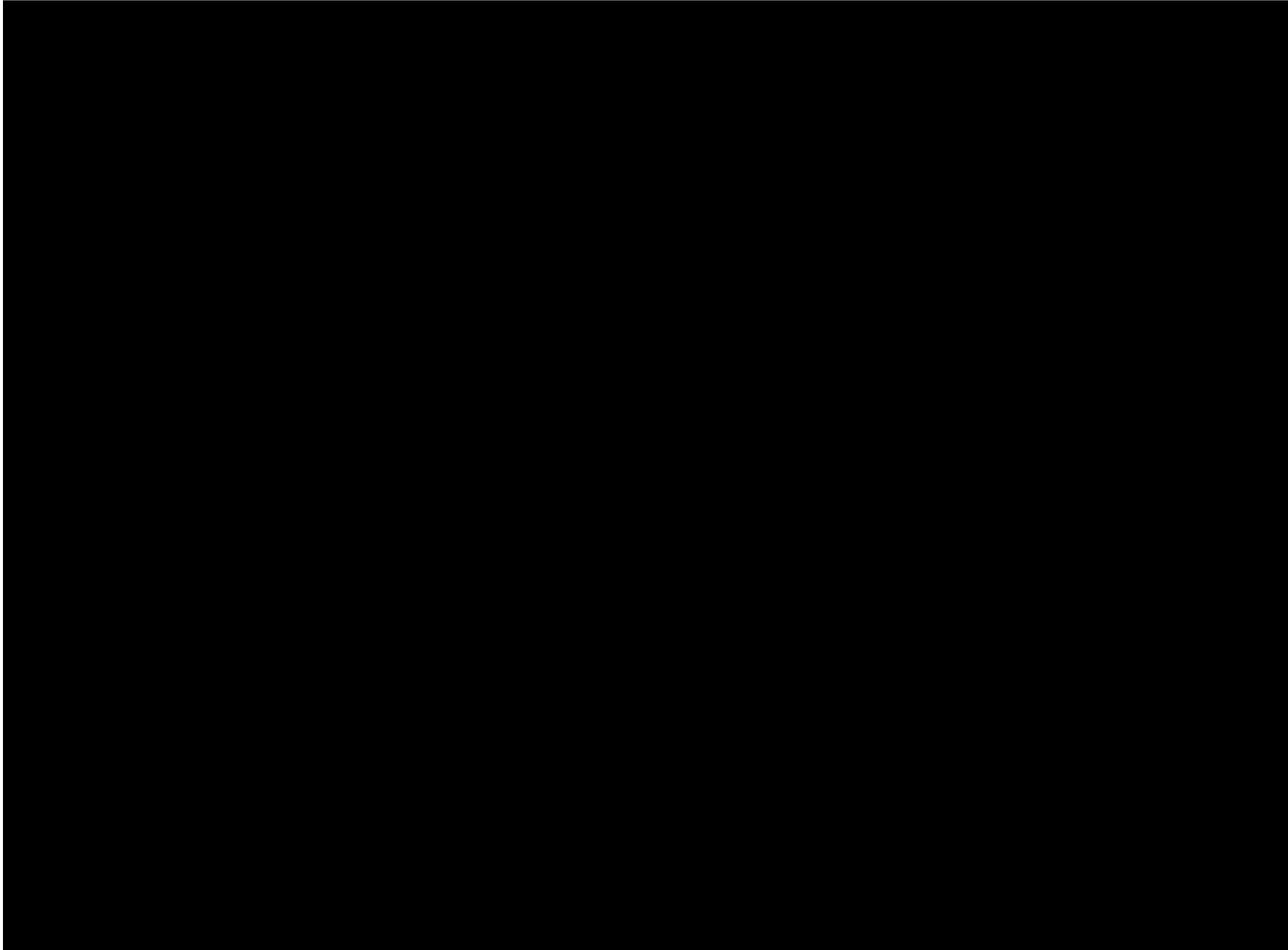
Overview of all the business models concepts

Economic concepts			Economic – valued concepts	
Mullins - Komisar	A. Afuah	D. Watson	W. M. Johnson C. M. Christensen H. Kagermann	A. Osterwalder Y. Pigneur
1. Revenue model	1. Position	1. Competitors	1. Value for customer	1. Customer segments
2. Gross margin model		2. Customers		2. Value proposition
3. Operation model	2. Resources	3. Economy of company	2. Profit formula	3. Channels
		4. Management		4. Customer relationships
4. Model of working capital	3. Industrial factors	5. Products	3. Key resources	5. Revenue streams
5. Investment model	4. Costs			6. Suppliers
				8. Key partners
				9. Cost structure

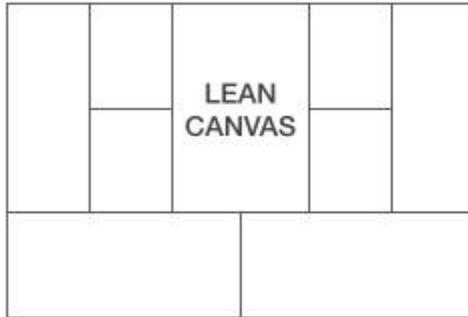
BUSINESS MODEL CANVAS



Business Plan vs Business Model Canvas



BUSINESS MODEL CANVAS

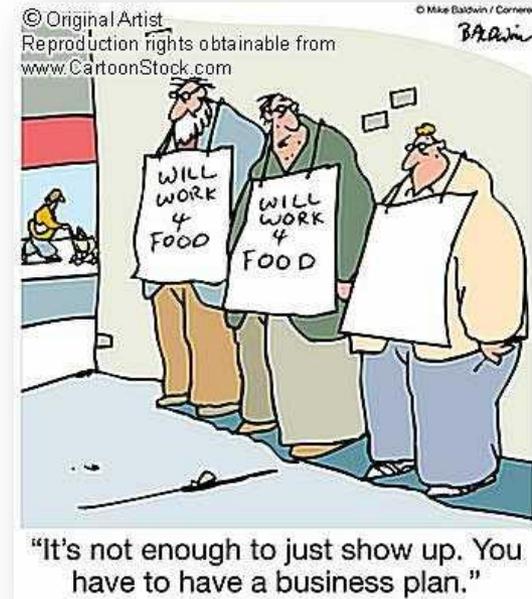


VS

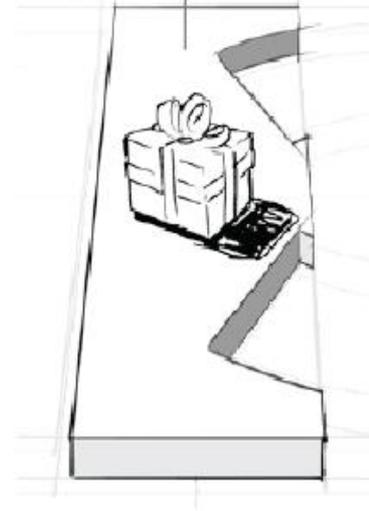


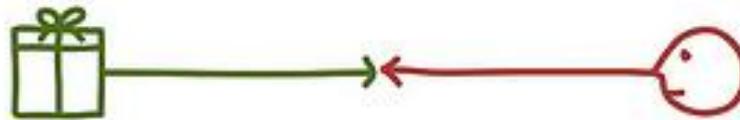
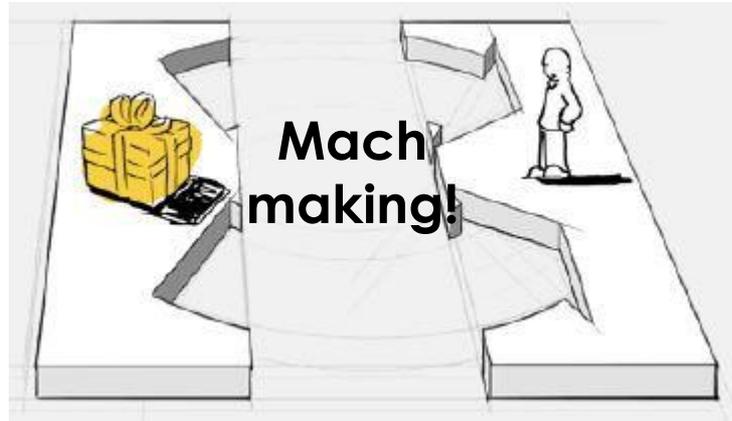
Light
Flexible
Simple
Visualise
Dynamic

.....

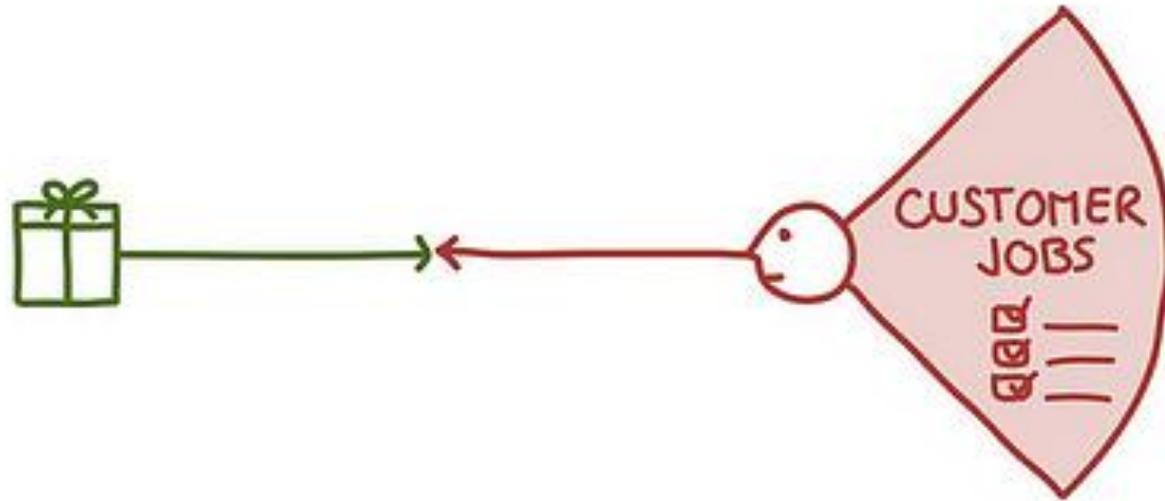


Value Proposition



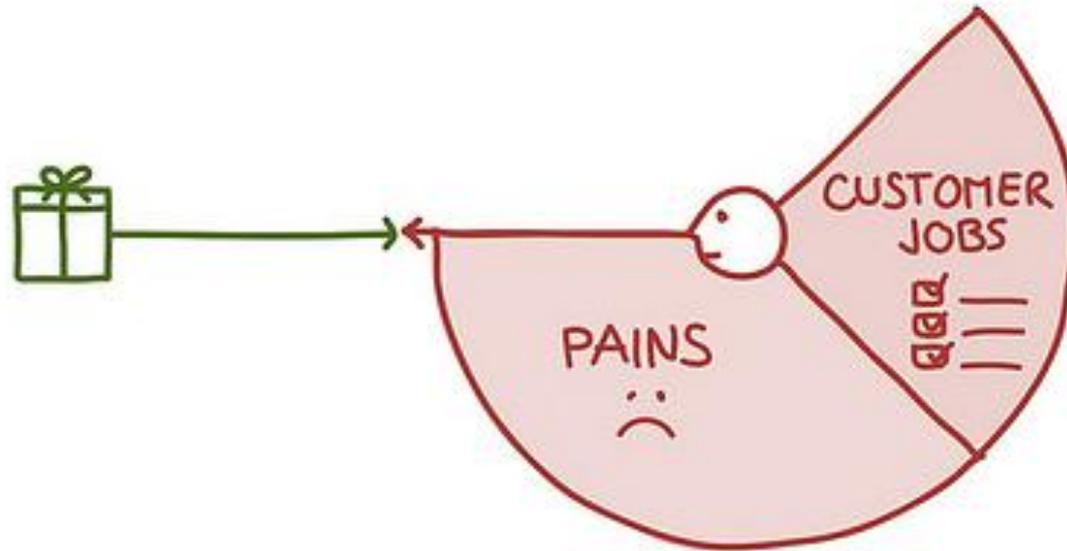


VALUE PROPOSITION

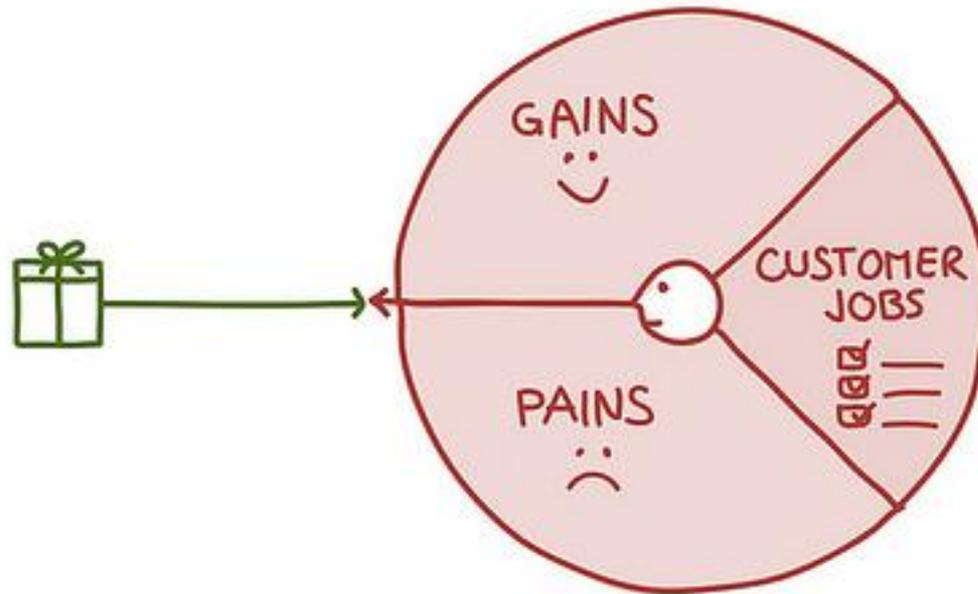


What things are your customers trying to get done in their work or in their life?

VALUE PROPOSITION

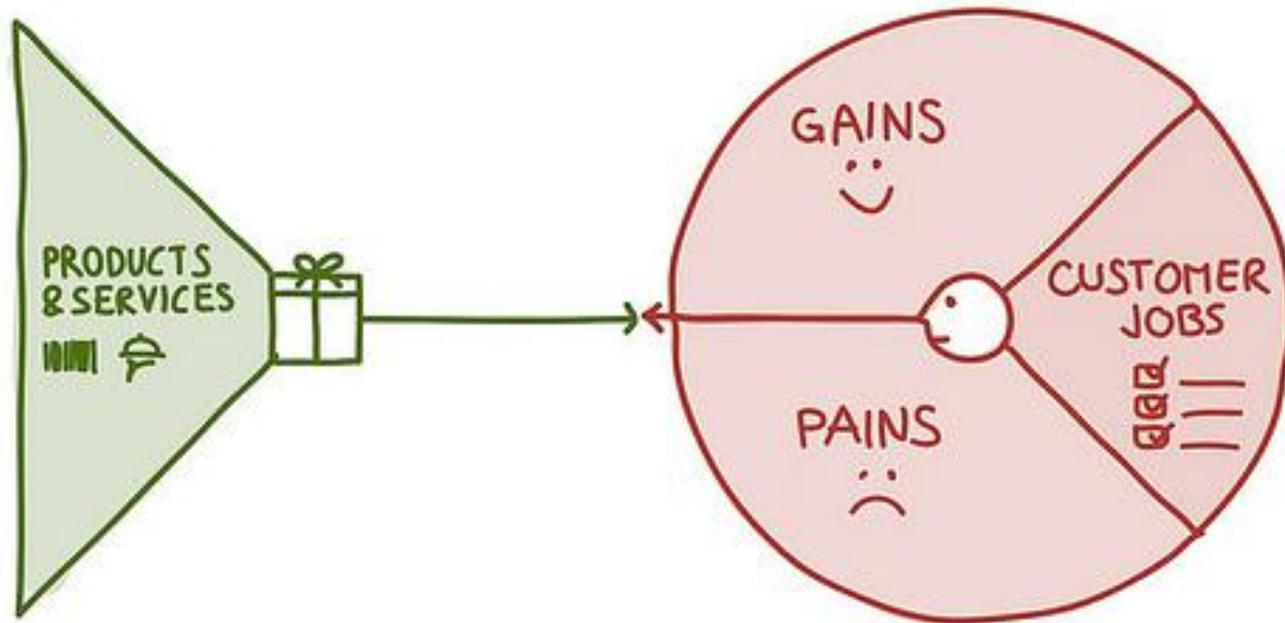


What annoys your customers or prevents them from getting their jobs done?

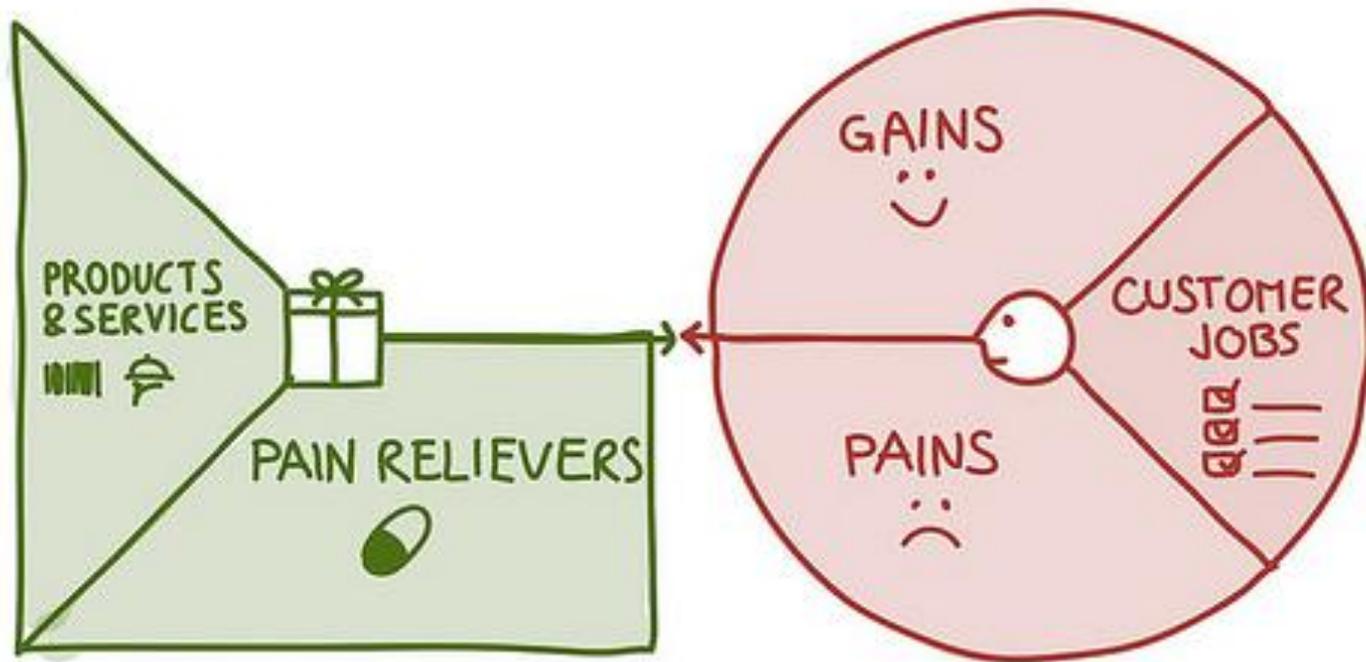


What the outcomes or benefits that your customers want?
(e.g. social gains, positive emotions, cost savings)

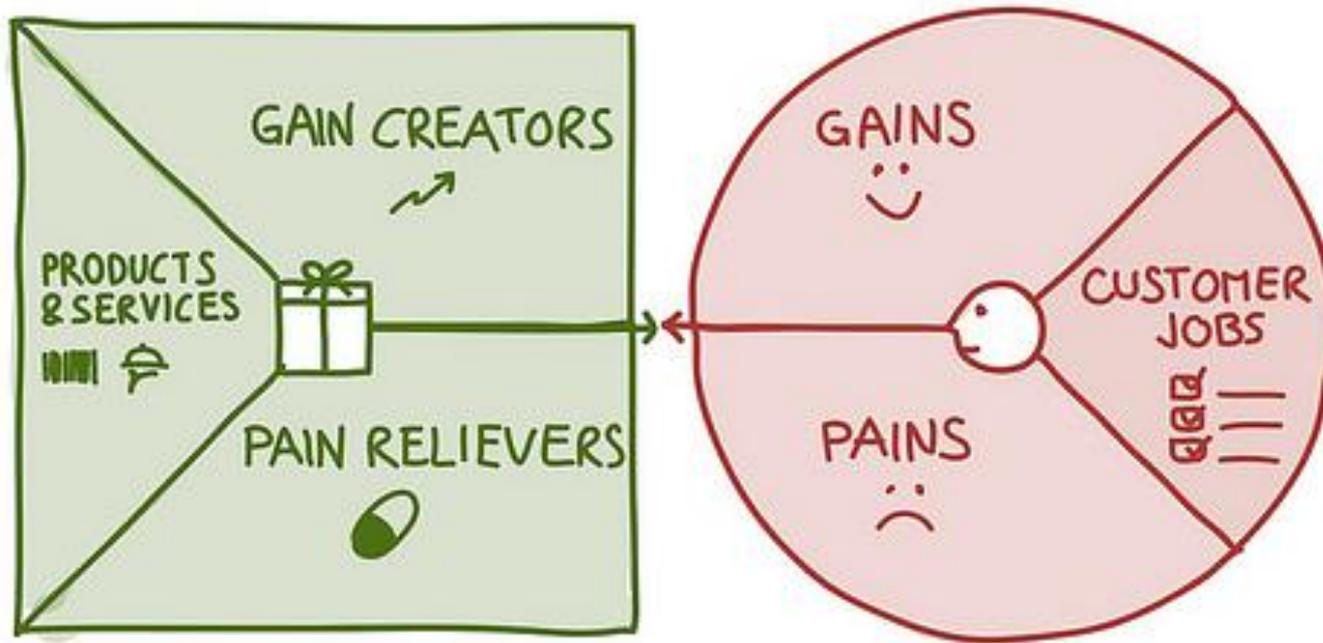
VALUE PROPOSITION



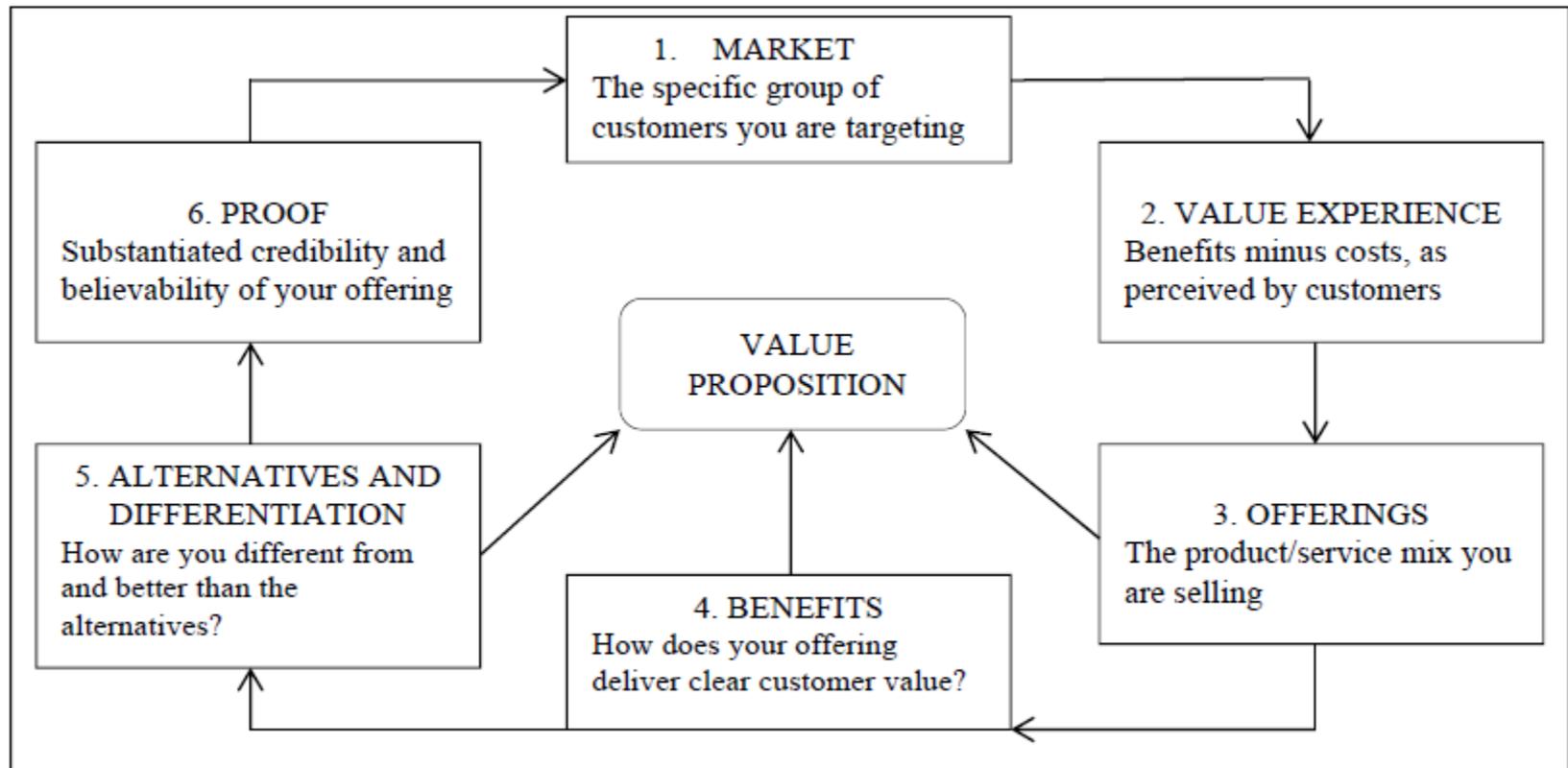
VALUE PROPOSITION



VALUE PROPOSITION

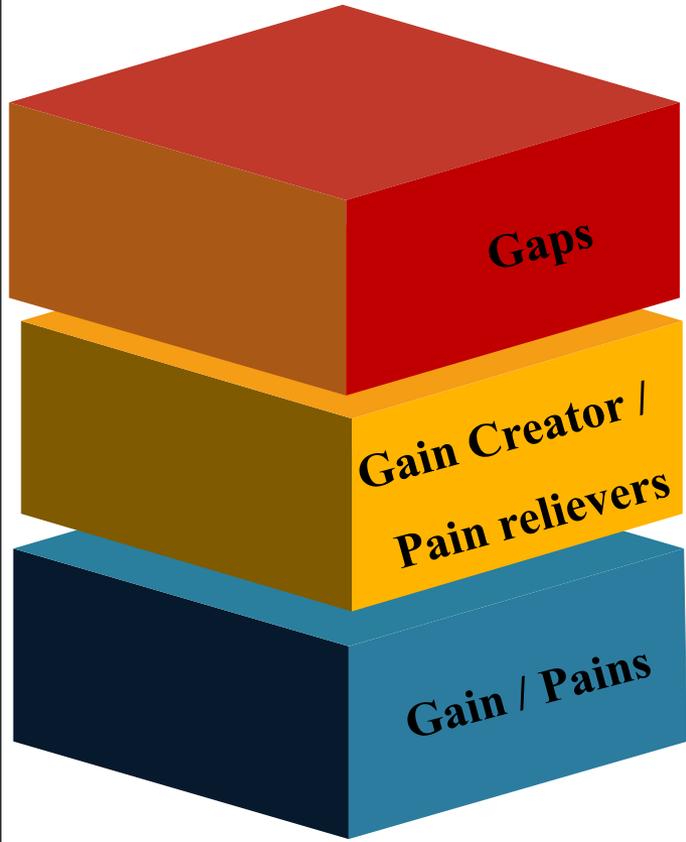


VALUE PROPOSITION



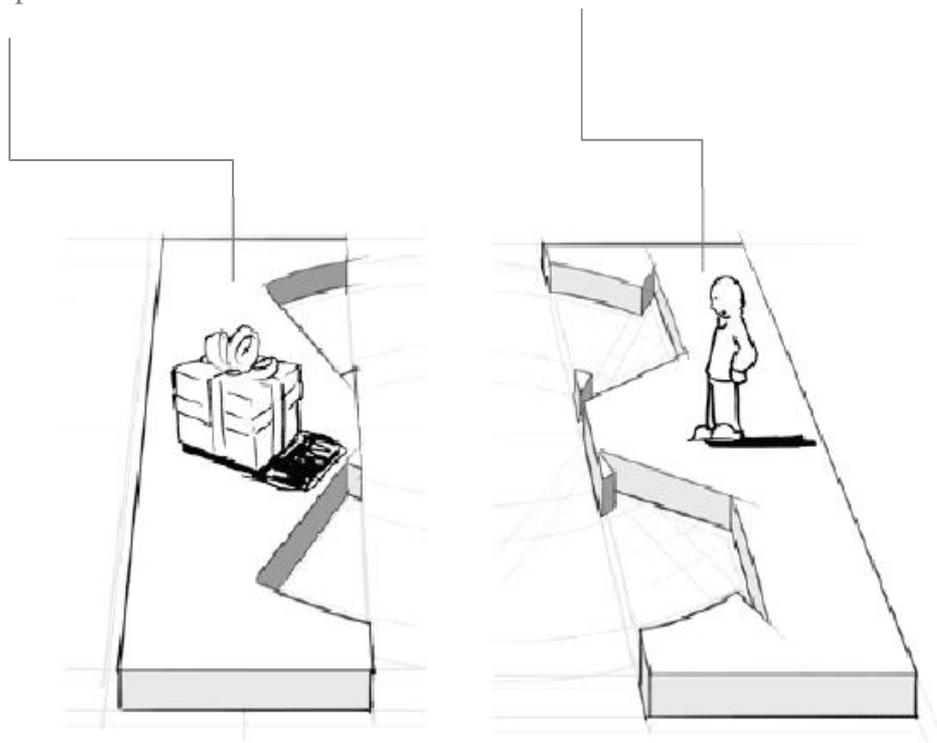
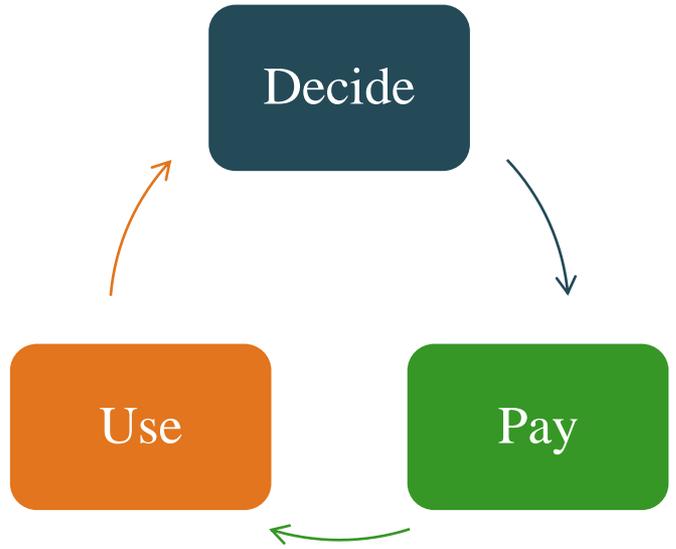
The Value Proposition Builder™ (Barnes *et al.*, 2009, p.31)

VALUE PROPOSITION



Customer Segments

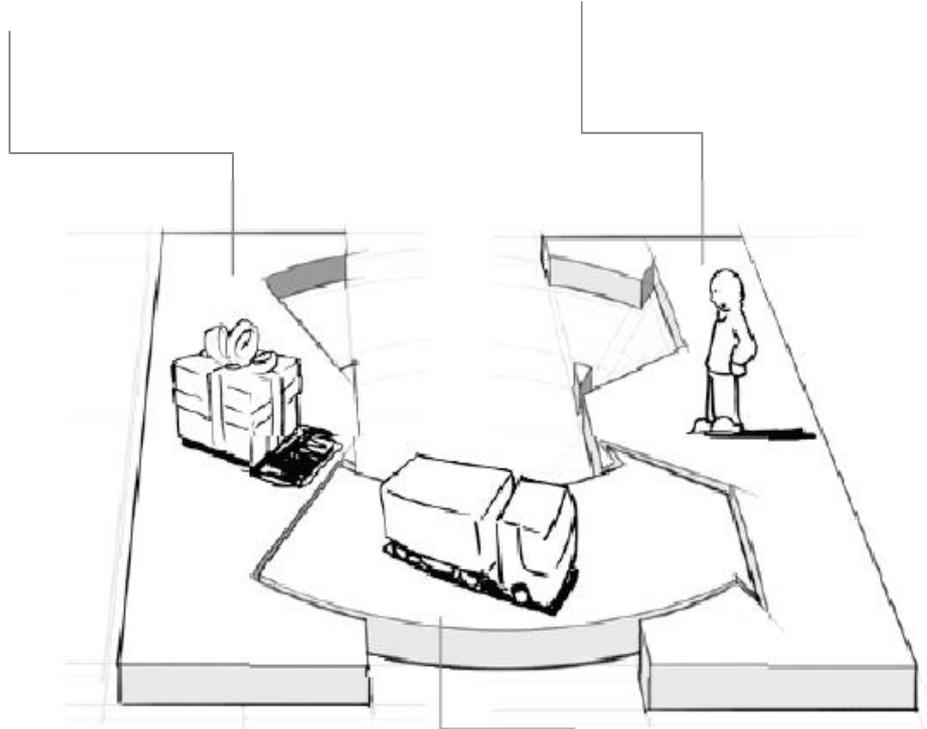
Value Proposition



CANVAS

Value Proposition

Customer Segments



Channels

CHANNEL PHASES:**1. Awareness**

How do we raise awareness about our company's products and services?

2. Evaluation

How do we help customers evaluate our organization's Value Proposition?

3. Purchase

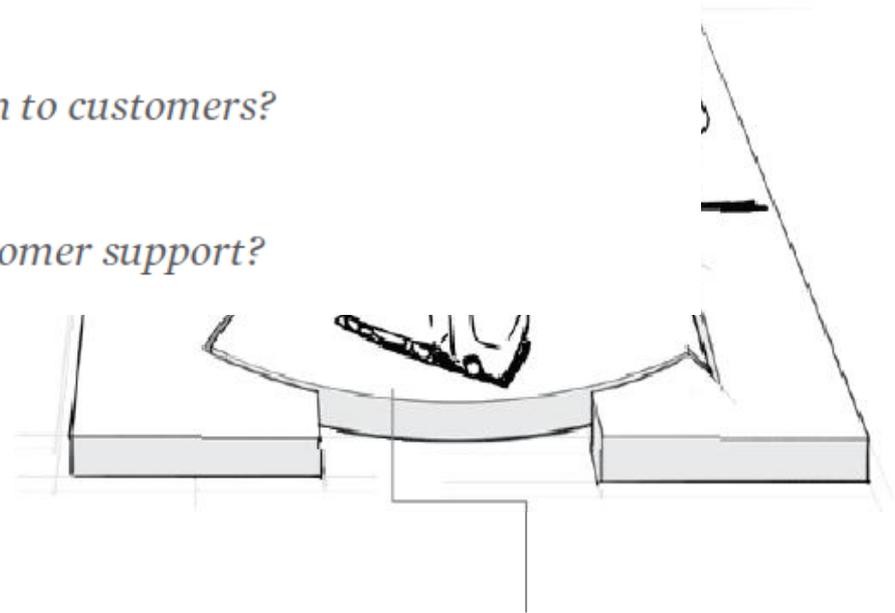
How do we allow customers to purchase specific products and services?

4. Delivery

How do we deliver a Value Proposition to customers?

5. After sales

How do we provide post-purchase customer support?



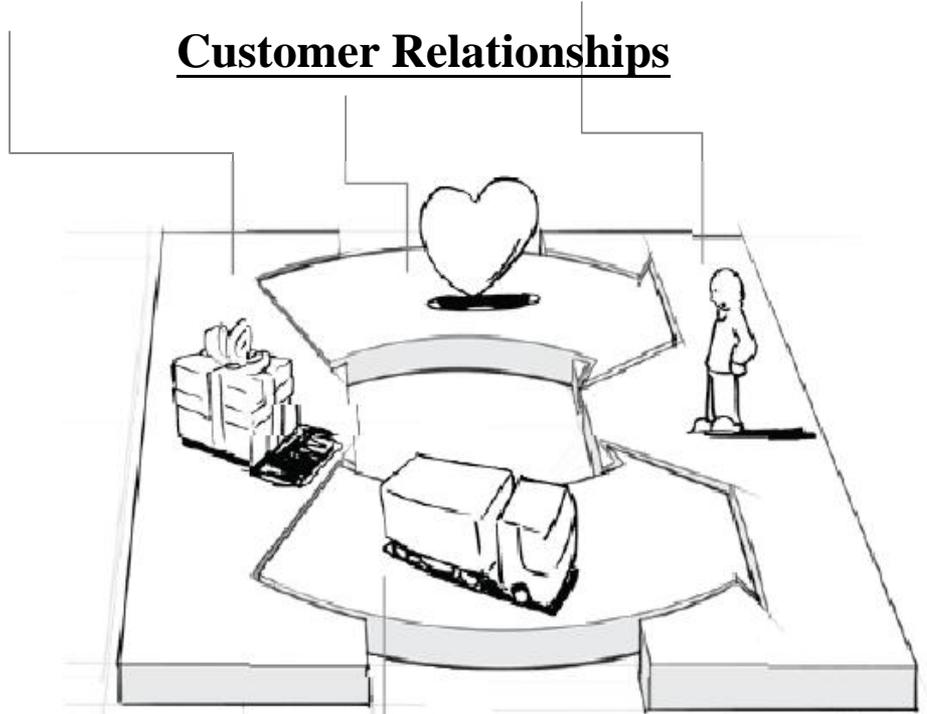
Channels

CANVAS

Value Proposition

Customer Segments

Customer Relationships



Channels

TYPES:

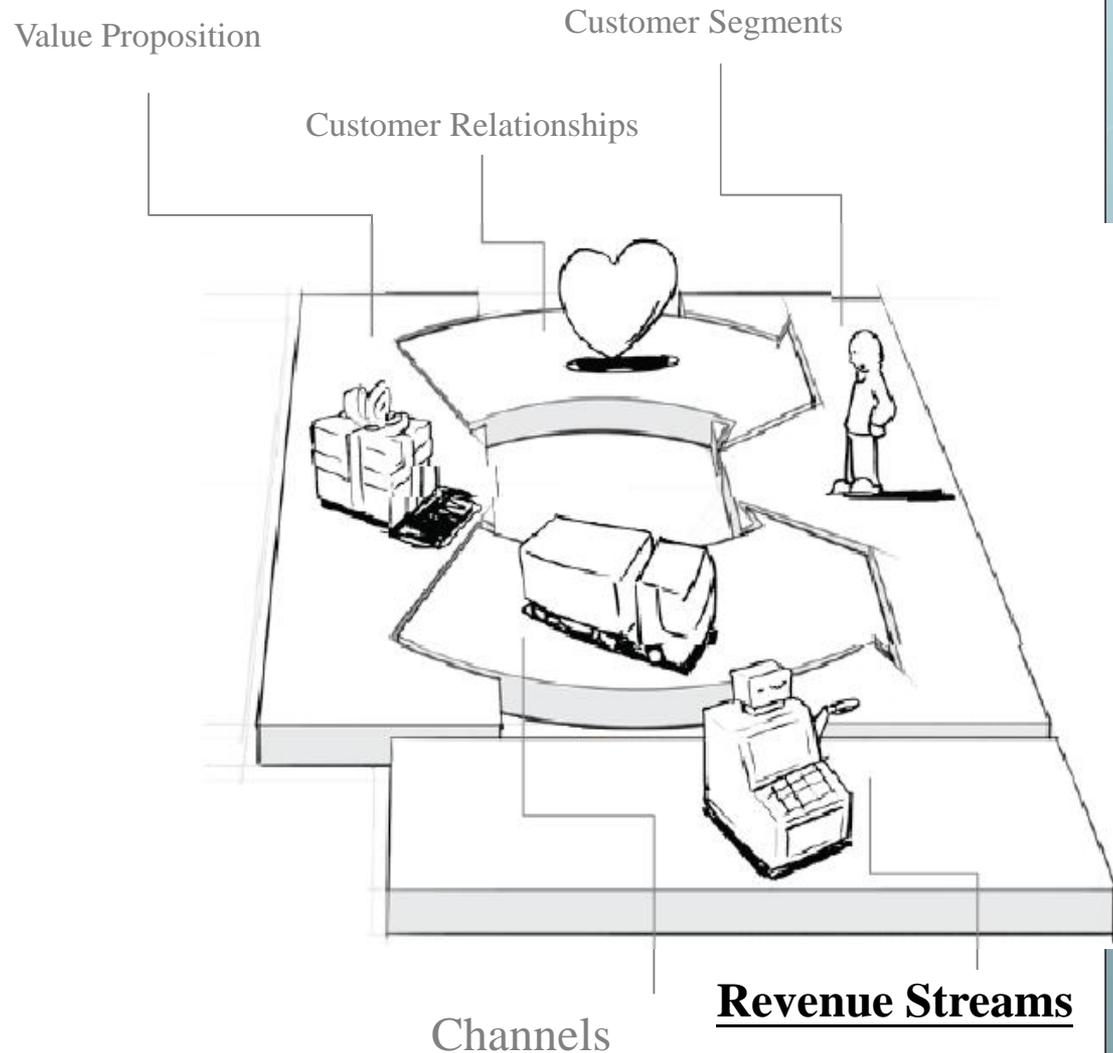
Asset sale
Usage fee
Subscription Fees
Lending/Renting/Leasing
Licensing
Brokerage fees
Advertising

FIXED PRICING

List Price
Product feature dependent
Customer segment dependent
Volume dependent

DYNAMIC PRICING

Negotiation(bargaining)
Yield Management
Real-time-Market

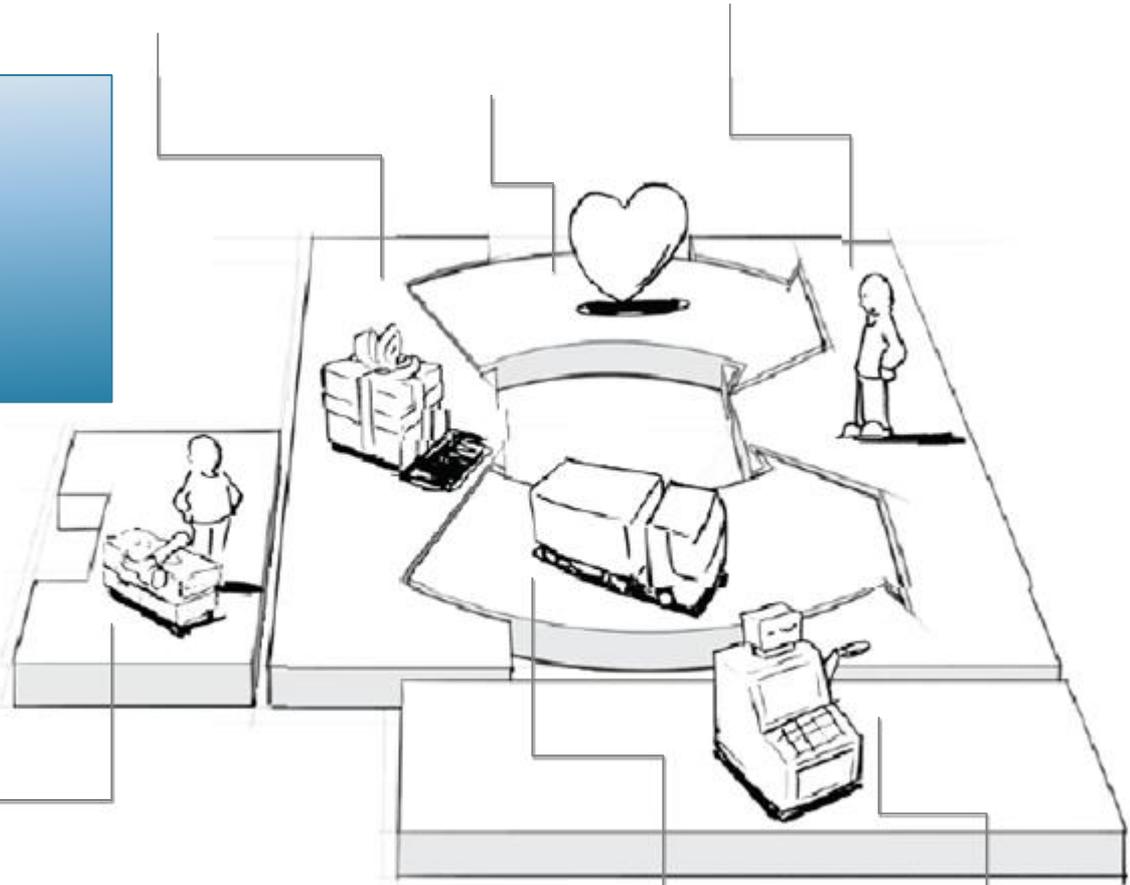


CANVAS

Value Proposition

Customer Segments

Physical
Intellectual (brand,
patents, data)
Human
Financial



Key Resources

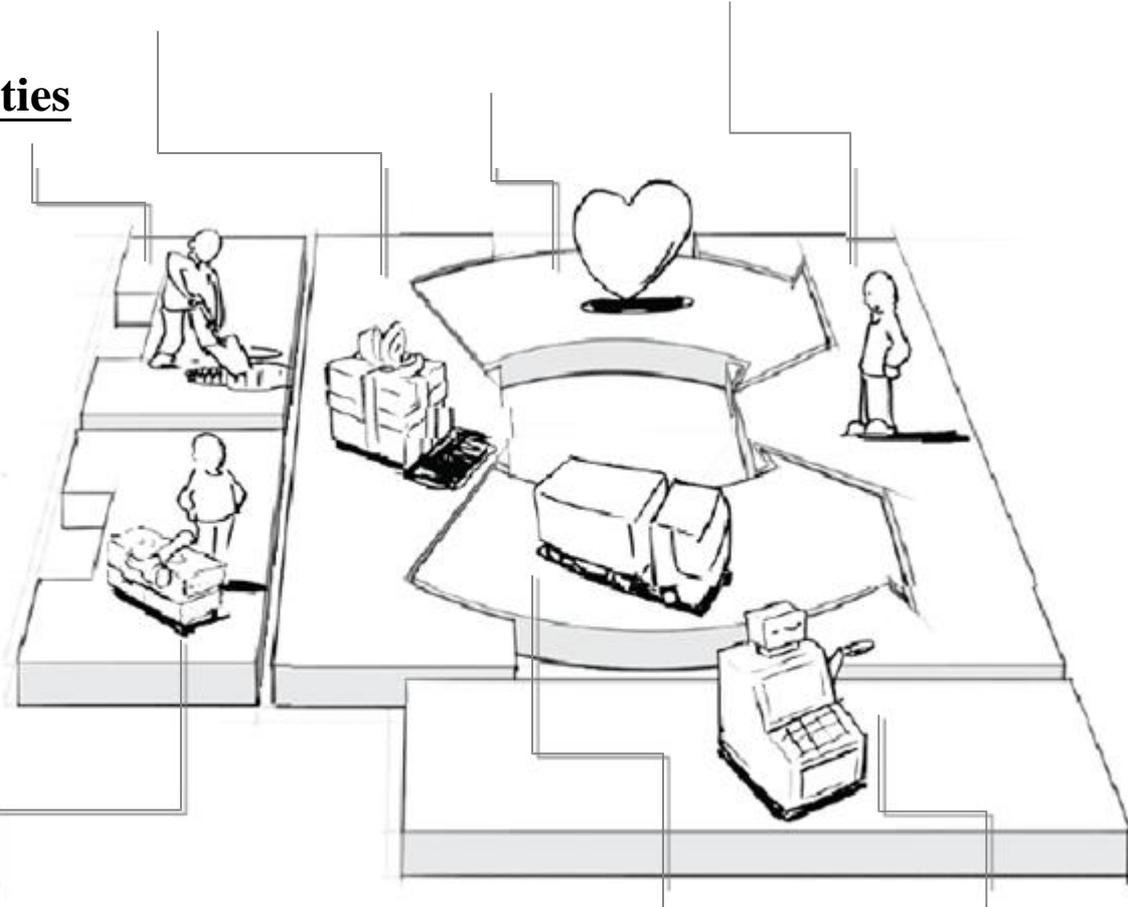
Channels

Revenue Streams

Value Proposition

Customer Segments

Key Activities



Key Resources

Channels

Revenue Streams

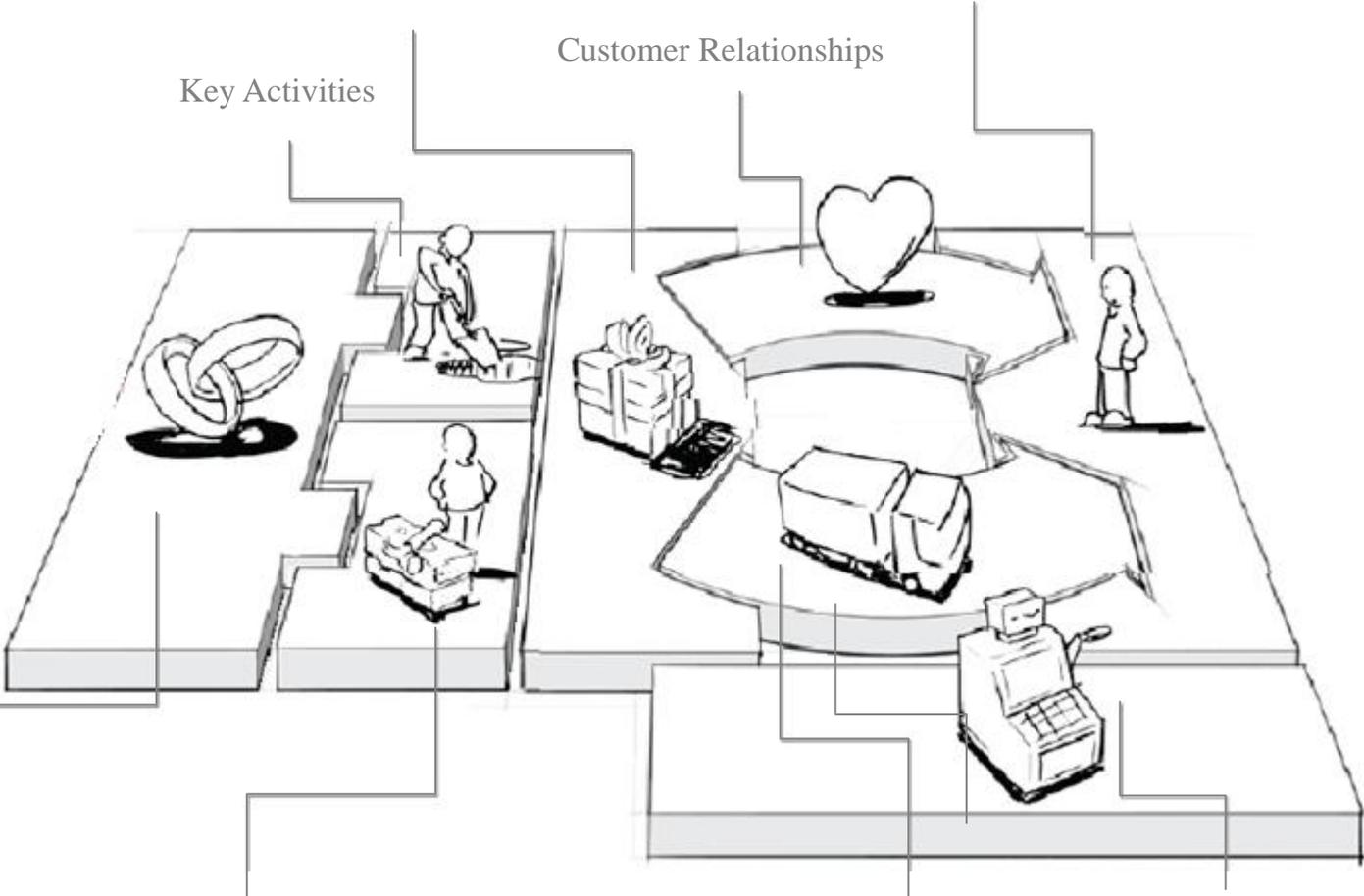
CANVAS

Value Proposition

Customer Segments

Key Activities

Customer Relationships



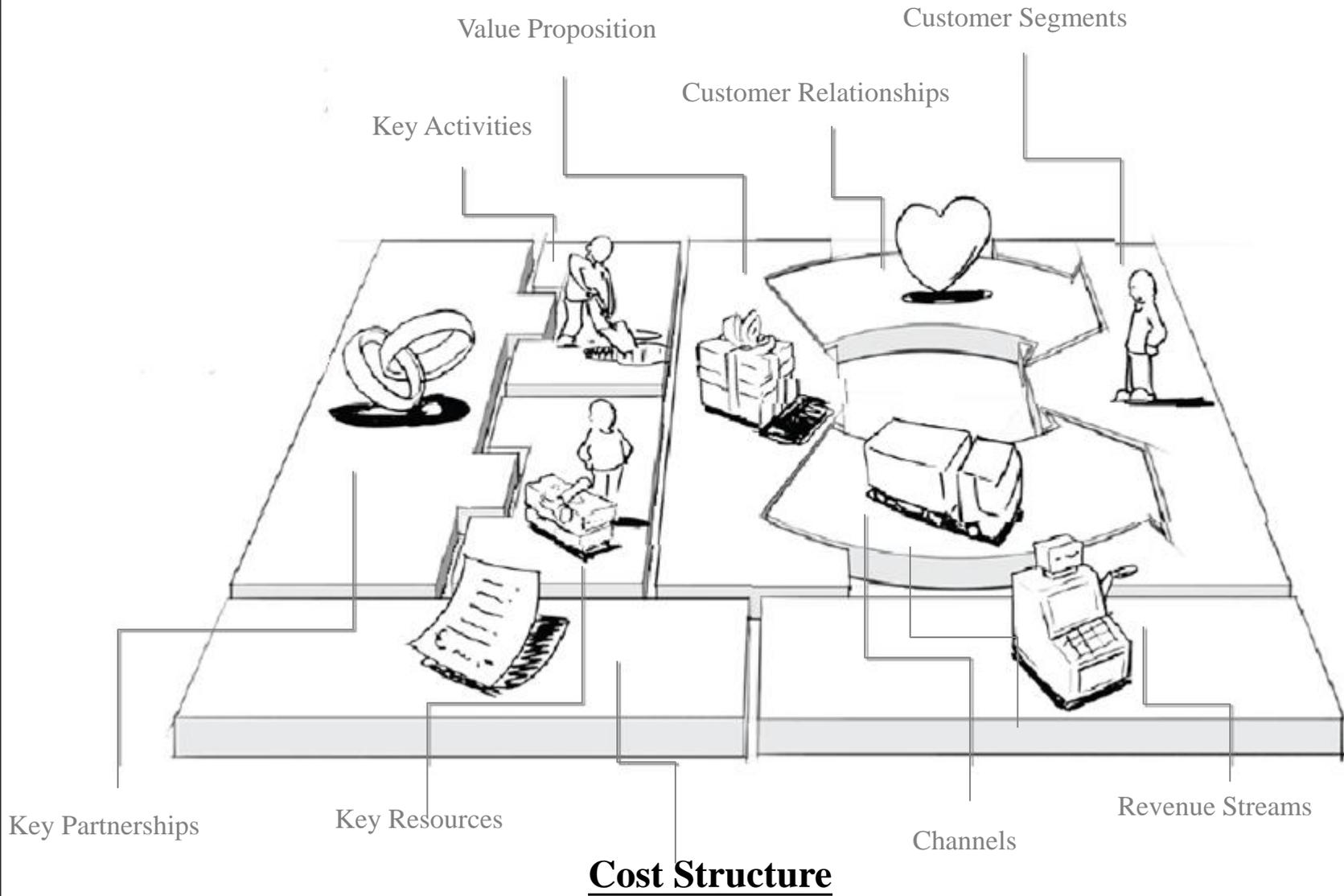
Key Partnerships

Key Resources

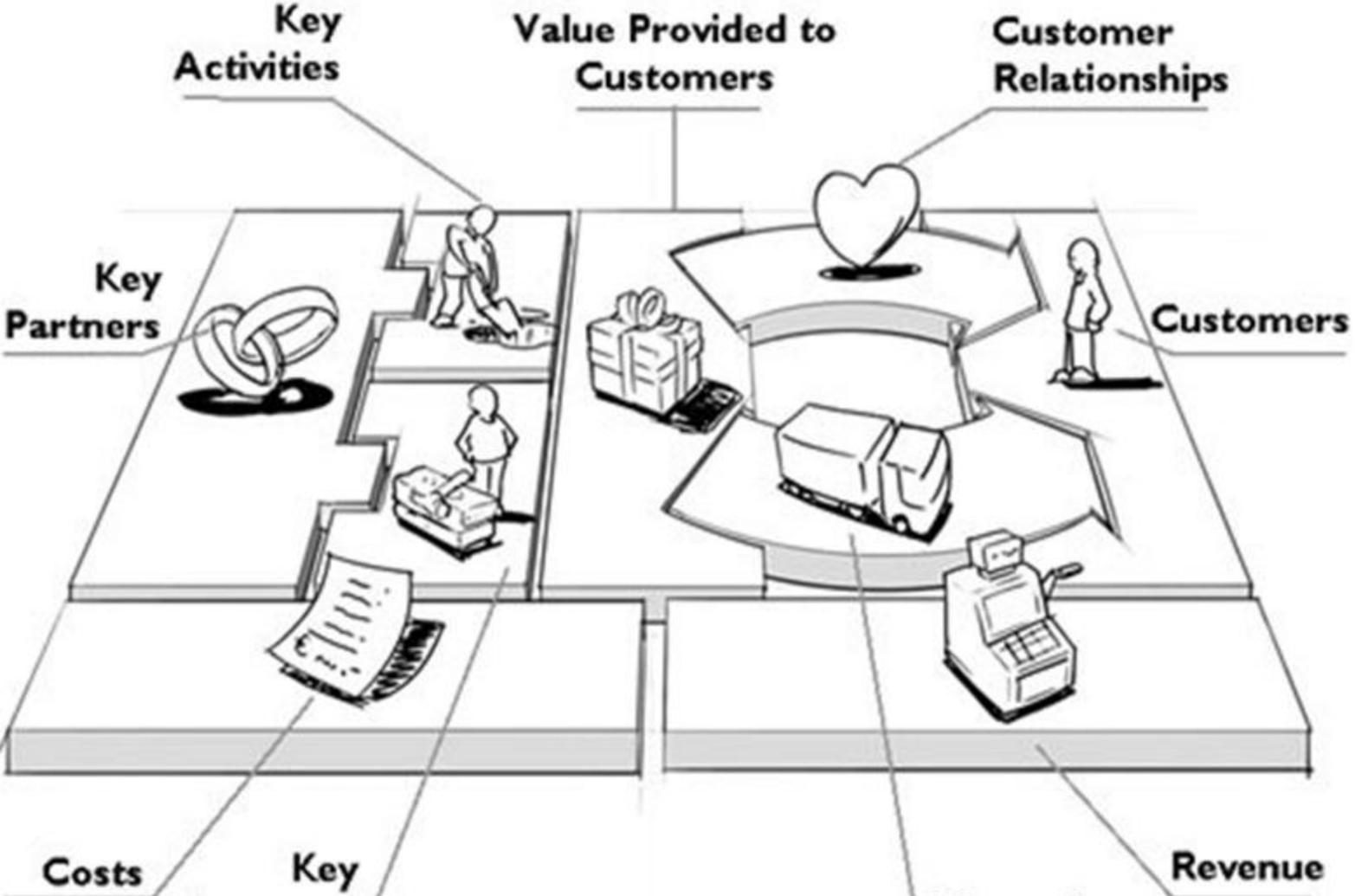
Channels

Revenue Streams

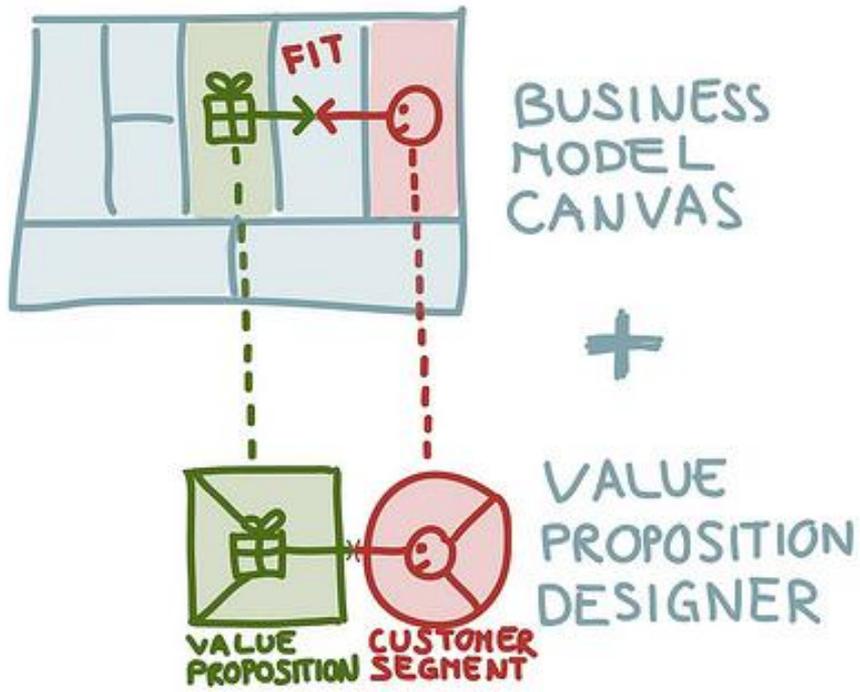
CANVAS



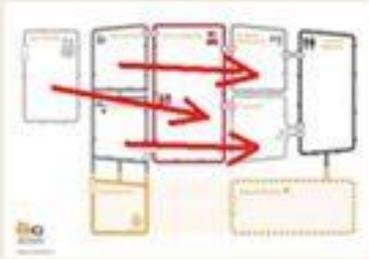
CANVAS



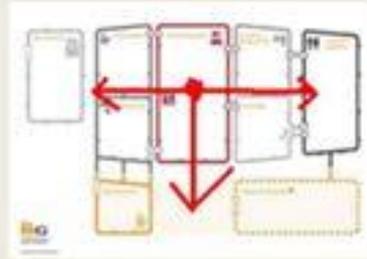
CANVAS



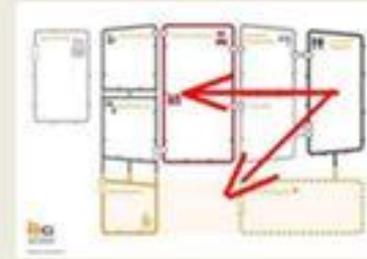
Concept Design – Sketching on your Business Model Canvas



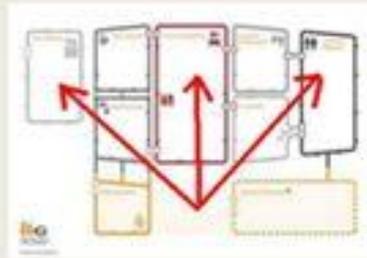
Resource-led



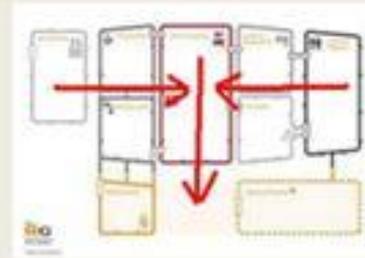
Offer-led



Customer-led

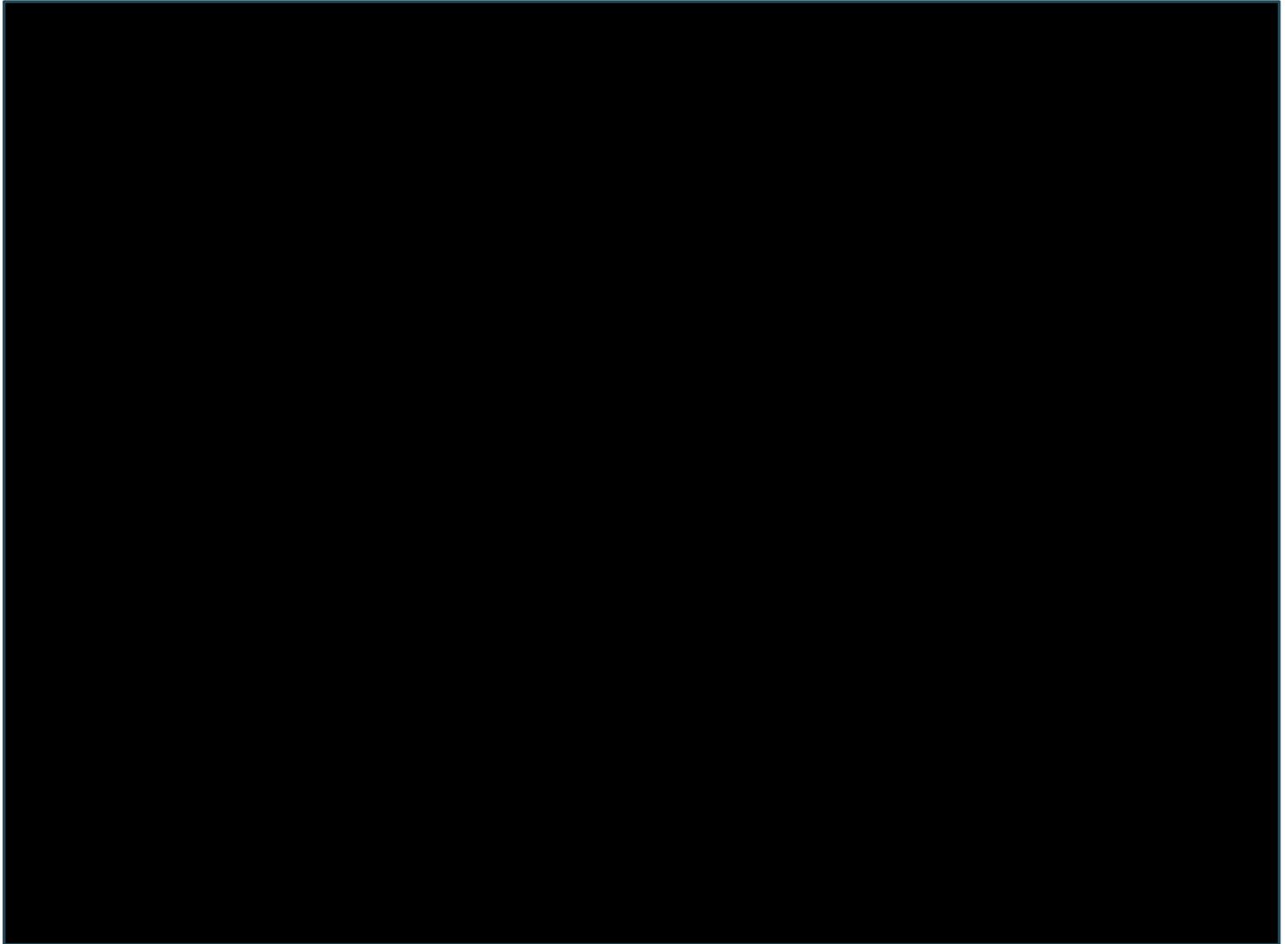


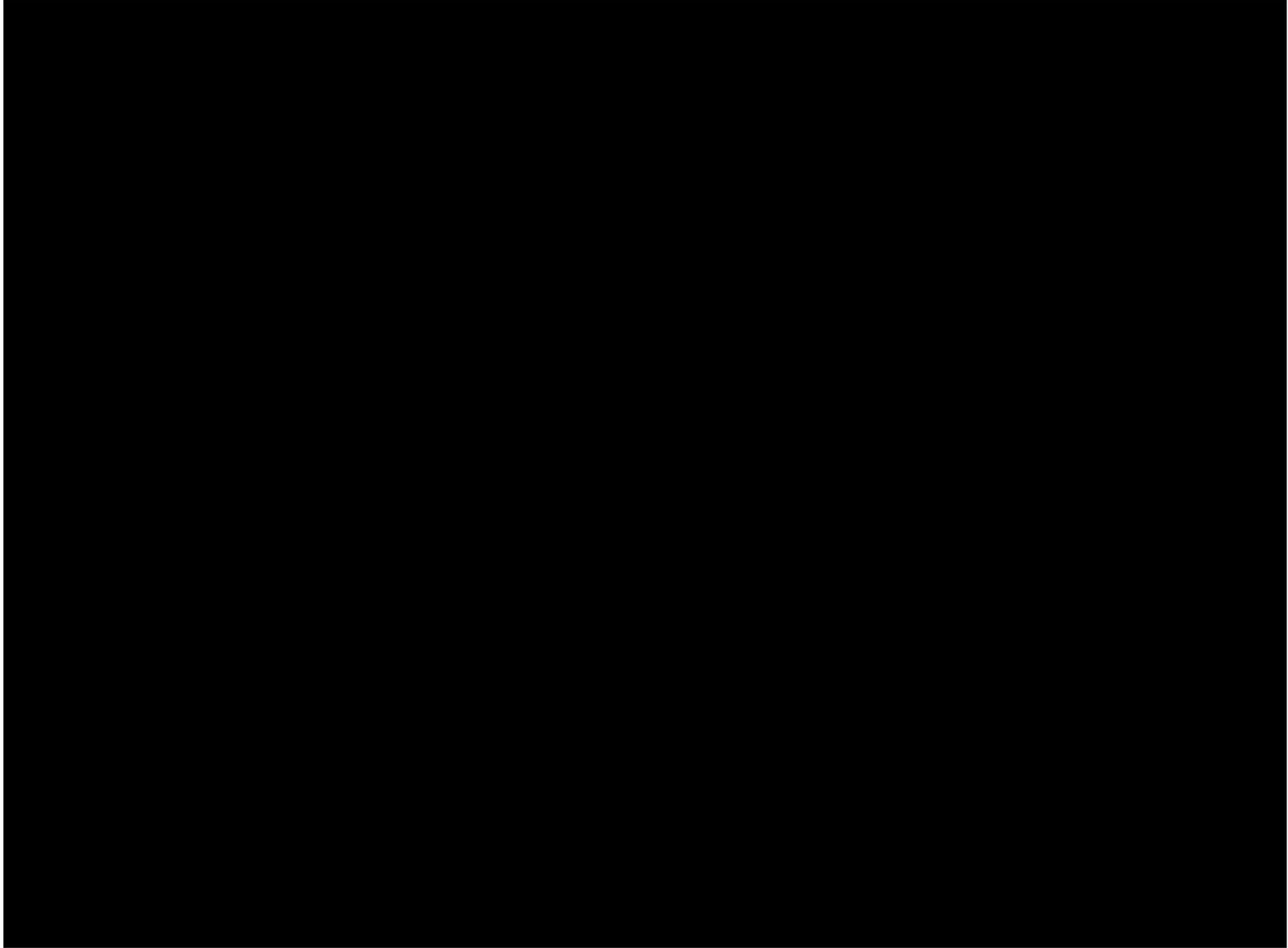
Finance-led

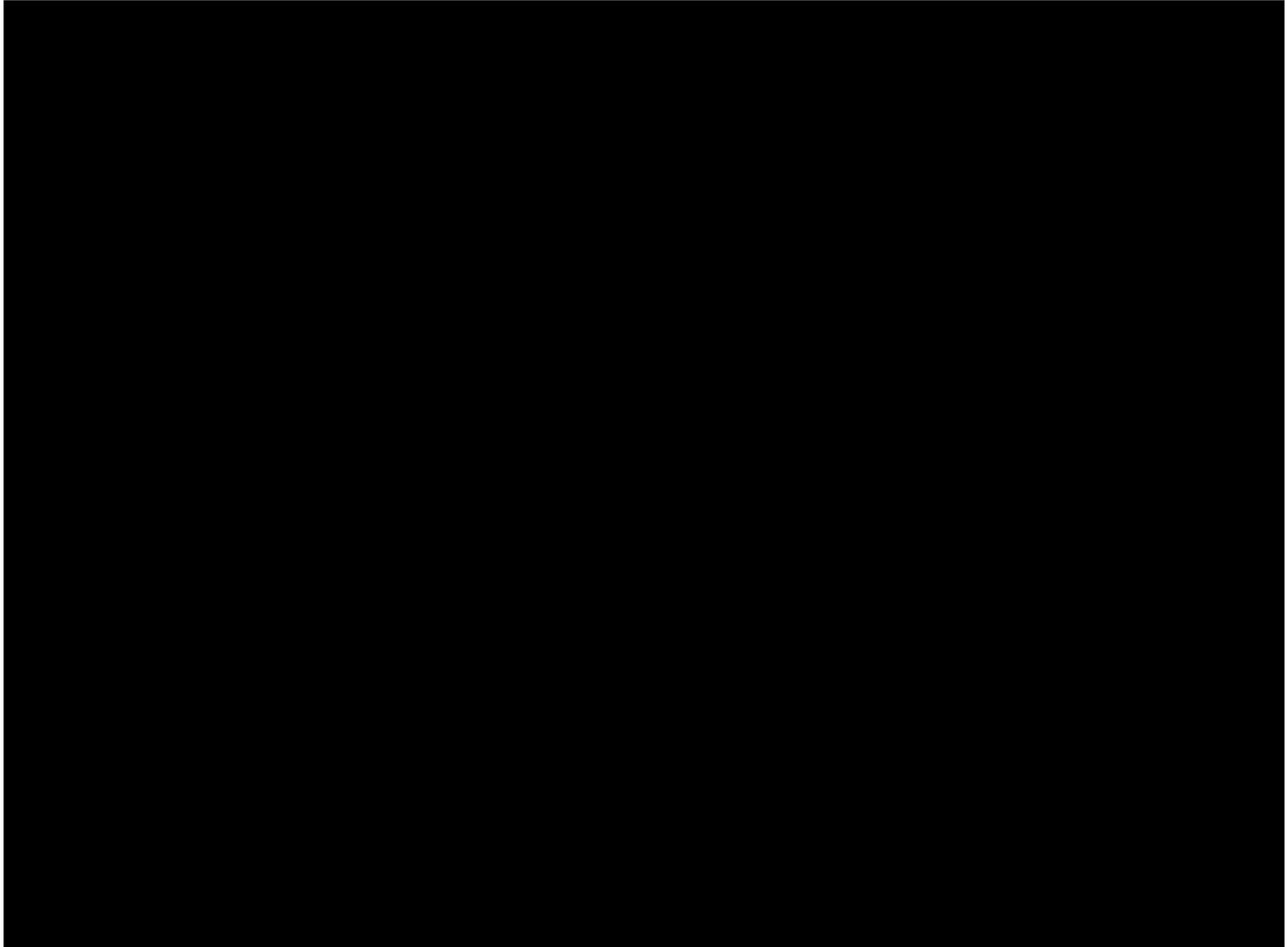


Multiple-centred led

CASE I







CASE IV



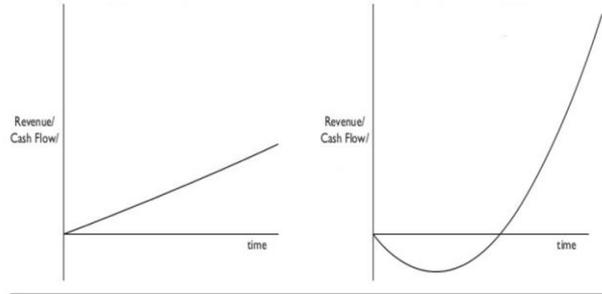
<p>KP </p> <p>Customers who build new LEGO designs and post them online become key partners generating content and value</p>	<p>KA </p> <p>LEGO has to provide and manage the platform/ logistics that allow packaging/ delivery of customer made sets</p>	<p>VP </p> <p>LEGO Factory substantially expands the scope of the off-the-shelf kit offering by giving LEGO fans the tools to build, showcase, and sell their own custom designed kits</p>	<p>CR </p> <p>LEGO Factory builds a Long Tail community around customers who are truly interested in niche content and want to go beyond off-the-shelf kits</p>	<p>CS </p> <p>Thousands of new, customer designed kits perfectly complement LEGO's standard sets of blocks. LEGO Factory connects customers who create customised designs with other customers, thus becoming a customer match-making platform and increasing sales</p>
<p>C\$ </p> <p>The Factory leverages production and logistics costs already incurred by its traditional retail mode</p>	<p>R\$ </p> <p>LEGO Factory aims to generate small revenues from a large number of customer designed items. This represents a valuable addition to traditional high-volume retail revenues.</p>			

Basic Business Model forms

ANALOGY	HOW IT WORKS	EXAMPLE
Affinity club	Pay royalties to some large organization for the right to sell your product exclusively to their customers.	• MBNA
Brokerage	Bring together buyers and sellers, charging a fee per transaction to one or another party.	• Century 21 • Orbitz
Bundling	Package related goods and services together.	• Fast-food value meals • iPod/iTunes
Cell phone	Charge different rates for discrete levels of a service.	• Sprint • Better Place
Crowdsourcing	Get a large group of people to contribute content for free in exchange for access to other people's content.	• Wikipedia • YouTube
Disintermediation	Sell direct, sidestepping traditional middlemen.	• Dell • WebMD
Fractionalization	Sell partial use of something.	• NetJets • Time-shares
Freemium	Offer basic services for free, charge for premium service.	• LinkedIn
Leasing	Rent, rather than sell, high-margin, high-priced products.	• Cars • MachineryLink
Low-touch	Lower prices by decreasing service.	• Walmart • IKEA

Negative operating cycle	Lower prices by receiving payment before delivering the offering.	• Amazon
Pay as you go	Charge for actual, metered usage.	• Electric companies
Razor/blades	Offer the high-margin razor below cost to increase volume sales of the low-margin razor blades.	• Printers and ink
Reverse razor/blades	Offer the low-margin item below cost to encourage sales of the high-margin companion product.	• Kindle • iPod/iTunes
Reverse auction	Set a ceiling price and have participants bid as the price drops.	• Elance.com
Product to service	Rather than sell a product, sell the service the product performs.	• Zipcar
Standardization	Standardize a previously personalized service to lower costs.	• MinuteClinic
Subscription	Charge a subscription fee to gain access to a service.	• Netflix
User communities	Grant members access to a network, charging both membership fees and advertising.	• Angie's List

Bear in Mind!



- Compete in existing market space
- Beat the competition
- Exploit existing demand
- Make the value-cost trade-off
- Align the whole system of a firm's activities with it's strategic choice of differentiation *or* low cost

*"Defend Current Position"
Perspective*

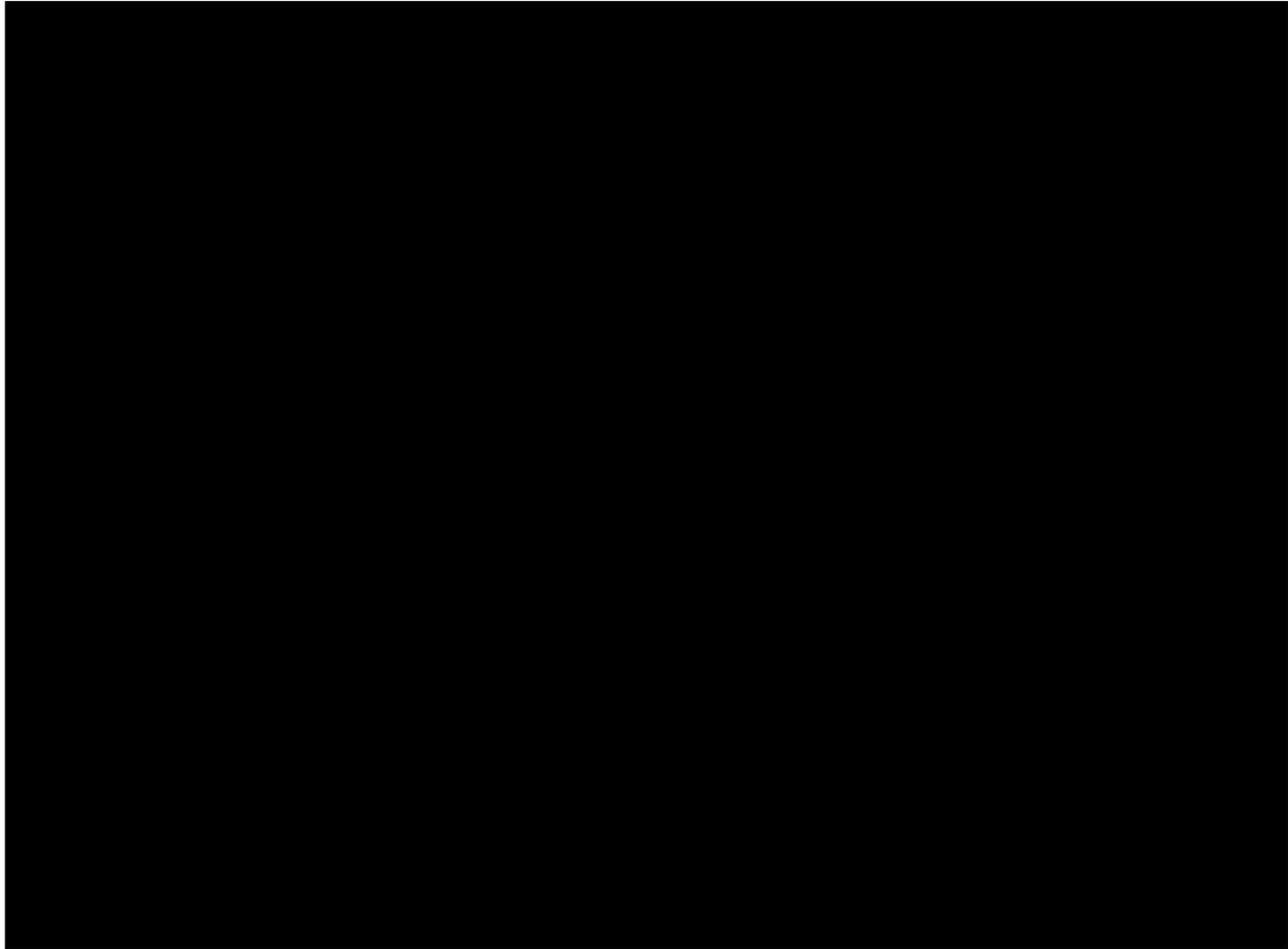


- Create uncontested market space
- Make the competition irrelevant
- Create and capture new demand
- Break the value-cost trade-off
- Align the whole system of a firm's activities in pursuit of differentiation *and* low cost

*"Innovate & Pursue New Opportunities"
Perspective*



WRAP UP



Do your own business plan based on your PhD research plan and present it in our next class

Try to find how you can make a business using your thesis!

Deadline: 15 of March

A Glossary of Business Plan Terms

What They Say...

We conservatively project...

and What They Really Mean

We read a book that said we had to be a \$50 million company in five years, and we reverse-engineered the numbers.

We took our best guess and divided by 2.

We accidentally divided by 0.5.

We project a 10% margin.

We did not modify any of the assumptions in the business plan template that we downloaded from the Internet.

The project is 98% complete.

To complete the remaining 2% will take as long as it took to create the initial 98% but will cost twice as much.

Our business model is proven...

if you take the evidence from the past week for the best of our 50 locations and extrapolate it for all the others.

We have a six-month lead.

We tried not to find out how many other people have a six-month lead.

We only need a 10% market share.

So do the other 50 entrants getting funded.

Customers are clamoring for our product.

We have not yet asked them to pay for it. Also, all of our current customers are relatives.

We are the low-cost producer.

We have not produced anything yet, but we are confident that we will be able to.

We have no competition.

Only IBM, Microsoft, Netscape, and Sun have announced plans to enter the business.

Our management team has a great deal of experience...

consuming the product or service.

A select group of investors is considering the plan.

We mailed a copy of the plan to everyone in Pratt's Guide.

We seek a value-added investor.

We are looking for a passive, dumb-as-rocks investor.

If you invest on our terms, you will earn a 68% internal rate of return.

If everything that could ever conceivably go right does go right, you might get your money back.

Thanks for your attention!



Any question:
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